

13th October, 44

Letter of 20th October, 44.

13 OCTOBER 1947

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1 Monday, 13 October 1947

2 - - -

3
4 INTERNATIONAL MILITARY TRIBUNAL
5 FOR THE FAR EAST
6 Court House of the Tribunal
7 War Ministry Building
8 Tokyo, Japan

9 The Tribunal met, pursuant to adjournment,
10 at 0930.

11 - - -

12 Appearances:

13 For the Tribunal, all Members sitting,
14 with the exception of: HONORABLE JUSTICE R. B. PAL,
15 Member from India, not sitting from 0930 to 1600.

16 For the Prosecution Section, same as before.

17 For the Defense Section, same as before.

18 - - -

19 (English to Japanese and Japanese
20 to English interpretation was made by the
21 Language Section, IMTFE.)
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1 THE PRESIDENT: All the accused are present
2 except SHIRATORI, who is represented by counsel. A
3 certificate from the prison surgeon at Sugamo, certifying
4 that the accused SHIRATORI is ill and unable to attend
5 the trial today, has been forwarded to me. It will be
6 recorded and filed.

7 With the Tribunal's permission the accused KIDO
8 will be absent from the courtroom for the whole of the
9 morning session conferring with his counsel.

10 Mr. Levin.

11 MR. LEVIN: Mr. President and Members of the
12 Tribunal, I proceed with the presentation of evidence
13 on behalf of KAYA, Okinori.

14 We call the witness YUKI, Toyotaro, who will
15 testify by way of defense document 2659.

16 - - -

17 T O Y O T A R O Y U K I, called as a witness on
18 behalf of the defense, being first duly sworn,
19 testified through Japanese interpreters as follows:
20

21 DIRECT EXAMINATION

22 BY MR. LEVIN:

23 Q Will you please state your name, address and
24 occupation?

25 A My name is YUKI, Toyotaro; my address No. 91
Itabashi, City of Odawara. I have no employment.

1 MR. LEVIN: Will Captain Van Meter kindly
2 hand the witness defense document No. 2659.

3 (Whereupon, a document was handed to
4 the witness.)

5 Q Does your signature and seal appear on this
6 document?

7 A Yes.

8 Q Are the contents true and correct?

9 A Yes.

10 MR. LEVIN: I now offer in evidence defense
11 document 2659, the affidavit of the witness YUKI,
12 Toyotaro.

13 THE PRESIDENT: Admitted on the usual terms.

14 CLERK OF THE COURT: Defense document No. 2659
15 will receive exhibit No. 3322.
16

17 (Whereupon, the document above referred
18 to was marked defense exhibit No. 3322 and received
19 in evidence.)

20 MR. LEVIN: I proceed to read defense document
21 2659, exhibit 3322, the affidavit of YUKI, Toyotaro,
22 omitting the formal parts:

23 "1. I, Toyotaro YUKI, immediately after
24 graduation in 1903 from the Law Course of the Tokyo
25 Imperial University, found employment with the Bank of
Japan. Later I held successively the posts of a

1 director of the Bank of Japan, Vice-President of the
2 Yasuda Bank. From September 11, 1930 until February
3 2, 1937, I was President of the Industrial Bank of
4 Japan, and from November 30, 1936 until February 2,
5 1937, concurrently held the post of Chairman of the
6 Central Depository of the Commercial-Industrial
7 Association (Shoko Kumiai Chuo Kinko). From February
8 2, 1937 until June 4 of the same year, I was Finance
9 Minister. In May, 1937, I was nominated a member of
10 the House of Peers. From July, 1937 until March, 1944
11 I was President of the Bank of Japan, during which period
12 I held the chairmanship of the Temporary Fund-Examining
13 Committee (Rinji Shikin Shinse Iinkai).

14 "2. On February 1937 I was appointed Finance
15 Minister in the HAYASHI Cabinet, and one of the major
16 policies I wanted to enforce was to rectify the financial
17 policy established by my predecessor in the preceding
18 cabinet. My predecessor, while he was Finance Minister,
19 effected a drastic increase in the military budget in
20 conformity with the demand by the military authorities
21 and was contemplating the initiation of a property tax
22 as a source of revenue to meet with increased military
23 expenditure. I was opposed to this and firmly resolved
24 on my assumption of office to make every possible effort
25 to check the increase of military budget amounts. And

1 I considered it most advisable for me to promote
2 Mr. KAYA to the Vice-Minister of Finance to assist
3 me in combating with the military authorities, for he
4 he had for several years toiled hard as a Finance
5 Ministry official in restraining the swelling of
6 military budgets, and had him installed in the post
7 of Vice-Minister of Finance, who was then Chief of the
8 Financial Bureau of the same ministry.

9 "(1) The military budget approved by my
10 predecessor, had already been submitted to the House
11 of Representatives by the preceding cabinet, and as
12 my assumption of office took place while the Diet was
13 in session we had to withdraw it once and present it
14 anew with all speed after revision. This was, however,
15 attended with such difficult circumstances as:

16 "(A) The military authorities considered the
17 original budget as a fait accompli as it had already
18 been decided upon at a cabinet meeting in the preceding
19 cabinet.

20 "(B) The militarists had all-powerful influence
21 in political affairs.

22 "(C) The time allowed for conducting
23 negotiations with the military authorities for a cut
24 in their budget was extremely limited.

25 "All these circumstances made it very difficult

1 for us to attain our object. In spite of this, Mr.
2 KAYA rendered me every assistance and exerted his best
3 endeavors in the negotiations with the military
4 authorities until he secured their agreement not to
5 spend the sum of ¥46,000,000 which was part of the
6 increase approved by my predecessor.

7 "(2) Though this cut represented but a mere
8 fraction, it had a favorable effect on the general
9 atmosphere in the financial and economic circles, in
10 that it served to give a sense of relief by withholding
11 the ever-mounting increase of the military budget.

12 "3. In June 1937 the HAYASHI Cabinet resigned,
13 and Prince KONOYE received an Imperial command to form
14 a new cabinet. Fearing that such expansion policies
15 as upheld by my predecessor might come to reassert
16 itself and convinced of the necessity of adhering to
17 the policy of strict economy as followed by me, I
18 recommended Mr. KAYA to Prince KONOYE for the post of
19 Finance Minister.

20 "4. Upon the death that took place in August
21 1939 of Mr. Sonyu OTANI, President of North China
22 Development Co. Ltd., the then Premier HIRANUMA
23 consulted me as to who should be nominated as his
24 successor. I was one of the members of the committee
25 for establishment of the said company. After careful

1 consideration I recommended Mr. KAYA for the post
2 as I thought him best fitted in view of the necessity
3 of good economic collaboration between Japan and China.

4 "5. It was during my tour of Manchuria that
5 that I learned of Mr. KAYA's assumption of Finance
6 portfolio in the TOJO Cabinet which was formed on
7 October 18, 1941. At that time I was President of the
8 Bank of Japan. I completed my tour as scheduled and
9 returned to Tokyo on November 1. It was perhaps the
10 following day when I saw Mr. KAYA. He spoke to me to
11 the following effect:

12 "My profoundest concern when I was asked by
13 General TOJO to join his cabinet was his policy toward
14 the American-Japanese problem. I therefore asked him
15 on this point, when he assured me that he would use
16 his best endeavors to carry on the American-Japanese
17 parley to a peaceful settlement. Being assured of this
18 I consented to enter his cabinet. It is true that ever
19 since the formation of the cabinet, General TOJO and
20 others concerned have been doing their best to bring
21 the American-Japanese parley to a peaceful termination,
22 but the situation all around is so unfavorable that
23 there is danger of the relations between the two
24 countries being plunged into the gravest stage. I am
25 now so distressed and worried that I can hardly sleep

1 well at night.'

2 "I deeply sympathized with him over his
3 difficult position, well understanding what was in
4 his mind when he determined to join the cabinet, and
5 further encouraged him to redouble his effort toward
6 an amicable settlement of the American-Japanese issue.

7 "6. Mr. KAYA, as can be readily seen from his
8 career, is a financial administrator pure and simple.
9 I have never heard of his affiliation with any political
10 party, rightest or leftist group or the militarists.

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1 "7. A survey of the financial situation in
2 this country in 1937 revealed that the country was
3 beset with instability of the international trade
4 balance, insecurity of the yen exchange, the soaring
5 of commodity prices and the tendency of a vicious
6 inflation, all due to the sharp increase of the
7 national budget set up by Finance Minister Mr. BABA
8 in the fall of 1936. As I assumed the Finance port-
9 folio in February 1937, I endeavored, with Vice-
10 Minister of Finance KAYA's assistance and co-operation,
11 to remedy the situation. In June the same year Mr.
12 KAYA became Minister of Finance, but due to the out-
13 break of the China Incident soon afterward the feeling
14 of uneasiness in the economic circles aggravated. Such
15 difficult problems as financial stringency, abnormal
16 fluctuation of stock exchange market, pressure of
17 increased demand for funds cropped up one after another.
18 The China Incident extended to Shanghai area, and every-
19 thing came to assume a war-time aspect. As things went
20 on in this way, some among the so-called reformists
21 or the radicalists impatiently demanded a drastic re-
22 form in the economic set-up of the country, calling for
23 the nationalization of financial organs, the thorough-
24 going control of economy, etc., and this threw the
25 economic circles into profound uneasiness and terror.

1 It was at this time that the Temporary Fund-Adjustment
2 Law (Rinji Shikin Chosei-ho) was enacted. Mr. KAYA
3 who was the framer of this act told me confidentially
4 that the real aim of the law, though it could not be
5 publicly revealed, was to avert an economic disturb-
6 ance. Mr. KAYA's policy in enforcing this law was to
7 allow the widest possible latitude for private auton-
8 omous adjustment of funds, and the major portion of
9 the routine work in connection with the law was rele-
10 gated to the Bank of Japan. Again, the decisions of
11 whether or not to give permission to investment or
12 loans were made at the meeting of a committee formed
13 of members from various government offices concerned
14 and the Bank of Japan. But inasmuch as the criteria
15 by which such decisions were to be made consisted in
16 whether or not the particular industry for which the
17 fund was required was essential in the national
18 emergency created by the China Incident and whether
19 or not there was a prospect of equipments or materials
20 being obtainable for the said industry. The Military
21 and the Ministry of Commerce and Industry and other
22 departments of the Government which had direct connec-
23 tion with the allocation of materials had the greatest
24 say in making decisions of 'yes' or 'no', while the
25 Ministry of Finance had little authority, and the

1 actual situation was such that both the Finance
2 Ministry and the Bank of Japan were just to play the
3 part of merely procuring the funds needed. Only the
4 Finance Ministry placed a limit on the total amount
5 of fund to be newly invested or loaned for industrial
6 purposes, planning so as to keep the total funds
7 approved to different industrial projects within the
8 limit thus defined, and strove, in co-operation with
9 the Bank of Japan, to attain the objective. By this
10 means, the over-supply of industrial fund and its
11 becoming one of the major causes of inflation was
12 prevented.

13 "Further, as it was a pressing need to remove
14 any uneasiness over the balance of international trade
15 in order to avert an economic commotion, the govern-
16 ment endeavored to tighten its control over foreign
17 exchange. However, it was a difficult job to find a
18 reasonable criterion by which to judge the propriety
19 or otherwise of applications for import bills. This
20 placed the government in a very difficult position,
21 and in consequence people in the trade suffered a great
22 deal. In order to maintain an orderly economy, Mr.
23 KAYA, as the Finance Minister, endeavored to adjust
24 capital investments, ease credit, check the rise of
25 interest rate on loans, stabilize the security market

1 and thus keep open the stock exchange and ease the
2 anxiety of the financial circle.

3 "In 1937 there was in evidence a fairly acute
4 financial stringency, but in the following year, 1938,
5 the currency circulation was increased to some extent.
6 This caused a necessity of taking precautionary measures
7 against inflation and the government, about April of the
8 same year, announced that it would launch a national
9 savings campaign. Later a bureau called 'National
10 Savings Encouragement Bureau' was inaugurated within
11 the Finance Ministry and a National Savings Encourage-
12 ment Committee embracing many members was formed. The
13 special feature of this savings drive lay in making an
14 appeal to the consciousness of the people and inducing
15 them to make voluntary savings. This was what the
16 government had repeatedly declared. The fact that this
17 savings movement depended on the people's voluntary
18 action was indeed a striking contrast with many war-
19 time measures which were backed by legal enforcement.
20 Such was characteristic of Mr. KAYA's policy, another
21 instance in illustration of which could be found in
22 the Fund-Adjustment Law which lacked taints of
23 oppressiveness. Such moderateness and mildness
24 characterizing KAYA's policy naturally gave much dis-
25 satisfaction to the radical elements such as drastic

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2 anxiety of the financial circle.

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4 financial stringency, but in the following year, 1938,
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12 ment Committee embracing many members was formed. The
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18 action was indeed a striking contrast with many war-
19 time measures which were backed by legal enforcement.
20 Such was characteristic of Mr. KAYA's policy, another
21 instance in illustration of which could be found in
22 the Fund-Adjustment Law which lacked taints of
23 oppressiveness. Such moderateness and mildness
24 characterizing KAYA's policy naturally gave much dis-
25 satisfaction to the radical elements such as drastic

reformists, ultra-extremists, etc. Further in August
1 1937 the Gold Reserve Valuation Law (Kin Jumbi Hyoka-
2 ho) was enacted, whereby the value of pure gold was
3 set at ¥1.00 per 290 milligrams. Up to the enforcement
4 of this law pure gold had been valued at the rate of
5 ¥1.00 per 750 milligrams (though as a matter of fact
6 gold conversion was suspended), but in actual trans-
7 actions the yen exchange at that time was nailed to
8 the rate of 1/2d per yen. Thus, such being the real
9 value of the yen, the valuation of gold as specified
10 by the Gold Reserve Valuation Law can be said to have
11 legally established the value of the yen that pre-
12 vailed at that time.

13 "As stated above, through 1937 and the first
14 half of 1938 both Finance Ministry and financial circle
15 had to devote their major energies to prevent economic
16 disorder due to the China Incident and to restore
17 economic life of the country to normal condition as
18 possible.
19

20 "8. In those days around 1941 we had a good
21 consumption of bonds while the currency circulation
22 was not so swelled, commodity prices not so high, and
23 there was no apparent sign of a vicious inflation in
24 sight.

25 "As for the importance of gold in Japan in

1 and around 1941, inasmuch as our country had several
2 years before divorced itself from gold standard and
3 had virtually in force 'the controlled currency system'
4 which had been working without any trouble, the rate of
5 gold reserve against currency issue lost its weight as
6 it had carried before, and on this account gold came
7 to count for less than before for since 1940 there
8 was a growing difficulty in foreign trade and it be-
9 came almost impossible for our country to trade with
10 European and American countries since the second half
11 year of 1941.

12 "On this 23 day of Sept., 1947

13 "At Tokyo"

14 You may cross-examine.

15 At page 10, I said "one second". I should
16 have said, "one shilling twopence," if your Honor
17 please.

18 BRIGADIER QUILLIAM: May it please the Tri-
19 bunal, it is not proposed to cross-examine the witness,
20 but it is proposed to make the following references:
21 As regards the Temporary Fund Adjustment Law, in para-
22 graph 7, the attention of the Tribunal is drawn to
23 exhibit 840, paragraph 153; and with respect to the
24 Gold Reserve Valuation Law, in the same paragraph, the
25 attention of the Tribunal is drawn to exhibit 840,

paragraphs 132 and 133.

1 MR. LEVIN: May the witness be excused on the
2 usual terms?

3 THE PRESIDENT: He is excused accordingly.

4 (Whereupon, the witness was excused.)

5 - - -

6 MR. LEVIN: I call the witness AKASHI, Teruo,
7 who will testify by way of defense document No. 2119.
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1 T E R U O A K A S H I, called as a witness on be-
2 half of the defense, being first duly sworn,
3 testified through Japanese interpreters as
4 follows:

5 DIRECT EXAMINATION

6 BY MR. LEVIN:

7 Q Will you please state your name, address,
8 and occupation?

9 A My name is AKASHI, Teruo; my present address
10 is 557 Higashi Koiso, Oiso, Kanagawa Prefecture; and
11 at present I am Chairman of the Board of Directors of
12 a juridical foundation, Ryomonsha.

13 MR. LEVIN: Will Captain Van Meter kindly
14 hand the witness defense document No. 2119?

15 (Whereupon, a document was handed
16 to the witness.)

17 Q Will you please state whether your signature
18 and seal appear on this document?

19 A Yes.

20 Q Are the contents contained therein true and
21 correct?

22 A Yes, true and correct, sir.

23 MR. LEVIN: I now offer in evidence defense
24 document No. 2119, the affidavit of AKASHI, Teruo.

25 THE PRESIDENT: Brigadier Quilliam.

1 BRIGADIER QUILLIAM: May it please the Tri-
2 bunal, the prosecution objects to certain paragraphs
3 of this affidavit. We object to paragraph 2 on pages
4 2 to 6. This contains a history of the financial
5 policy and economic conditions during part of the
6 year 1937 in addition to the fact, as we submit, that
7 this evidence was given in sufficient detail by the
8 previous witness. We object, also, that it is purely
9 general and should have been dealt with in the general
10 phase. It is suggested that the evidence on this sub-
11 ject of the Minister of Finance of that period, namely,
12 the previous witness, should be adequate.

13 We object to paragraph 6 which deals with the
14 economic and financial conditions during 1941. We
15 submit that this evidence is purely general and should
16 have been dealt with in the general phase, and that it
17 is also repetitive. And, I would respectfully remind
18 the Tribunal that the defendant KAYA did not become
19 Finance Minister until toward the end of that year,
20 until October.

21 We also object to paragraph 7. It is possible
22 that it contains something in the nature of an admission,
23 but, looking at it as a whole, we submit that it is
24 quite immaterial and irrelevant.
25

1 THE PRESIDENT: Mr. Levin.

2 MR. LEVIN: Mr. President, with reference to
3 the objections to paragraph 2 of the affidavit, this
4 covers a period during which Mr. KAYA first became
5 Minister of Finance. It would seem to us that this
6 evidence is admissible, covering the period of his in-
7 cumbency as Minister of Finance, and indicating his
8 action and conduct during that time.

9 In answering my friend as to this evidence
10 belonging to the general phase, may I say that this
11 evidence relates particularly to the financial con-
12 ditions and the conduct of the Finance Ministry, and
13 therefore is competent on that ground.

14 Now, again in relation to the conditions in
15 1941, while it is true the evidence is of a general
16 character, the purpose of this evidence is to indicate
17 the conditions which prevailed at the time that Mr.
18 KAYA became Finance Minister, and are, in our view, an
19 answer to the charges of conspiracy or in answer to
20 the charges that he participated in the initiation of
21 an aggressive war.

22 Throughout the case of almost every indi-
23 vidual, there will be many situations which relate to
24 him individually which might relate to the general
25 phase, but it seems to me that that is not grounds,

1 in and of itself, for not allowing the testimony to
2 be offered.

3 THE PRESIDENT: By a majority, the objections
4 are sustained; that is, paragraphs 2, 6 and 7 are not
5 admitted. The balance of the document is admitted on
6 the usual terms.

7 CLERK OF THE COURT: Defense document No.
8 2119 will receive exhibit No. 3323.

9 (Whereupon, the document above
10 referred to was marked defense exhibit No.
11 3323 and received in evidence.)

12 MR. LEVIN: I proceed to read defense docu-
13 ment No. 2119, exhibit No. 3323, as admitted by the
14 Tribunal, omitting the formal parts:

15 "1. I, Teruo AKASHI, finished the Political
16 Course at the Tokyo Imperial University in 1906, after
17 which I studied abroad. I entered the Dai-ichi Bank
18 in 1911 and was elected Director in 1926, and Presi-
19 dent in 1935. I was connected with the Tokyo Bankers'
20 Association, the Tokyo Clearing House, the Clearing
21 House Federation and the National Financial Association
22 as president or director. I was also a member of the
23 House of Peers.

24 "In March, 1942, the Dai-ichi Bank and the
25 Mitsui Bank, two of 'the Big Six' in Japan were merged

1 into the Teikoku Bank, of which I was elected Chair-
2 man of the Board of Directors. In March, 1944, I
3 resigned to become advisor to the Bank, and remained
4 in this position until quite recently."

5 I read paragraph 3, at the bottom of page 6:

6 "3. The Extraordinary Fund Adjustment Law
7 was put into force in September, 1937. The aim of the
8 Law was to limit the accommodation of fund only to
9 those indispensable enterprises for which the supply
10 of materials required in their preparations was
11 assured, thus to prevent the inflation that might be
12 caused by the China Incident. Due to the China Inci-
13 dent, there had been a large-scale bond floatation by
14 the Government, as well as increased call for fund for
15 the production expansion. The situation, if left to
16 take its own course, would have led to the wastage in
17 fund, with the concomitant danger of eventual infla-
18 tion. The Law did accomplish its purpose of prevent-
19 ing the inflation.

20 "In enforcing the Law, Mr. KAYA complied with
21 the request on the part of us private business to be
22 allowed as much freedom as possible for individual
23 activities. Consequently 'the financiers' autonomous
24 adjustment' was recognized to a certain extent. It was
25 also so set up as to mandate most administration of

1 the Law to the Bank of Japan, instead of the Finance
2 Ministry handling it. The decision upon investment
3 or loan application was left to a committee composed
4 of members selected from different Ministries, the
5 Bank of Japan and the Industrial Bank of Japan.

6 "The decision of approval or nonapproval on
7 an investment or a loan was based on whether or not
8 the enterprise was indispensable under the China
9 Incident, or whether or not there is any prospect
10 of supply of materials required for the expansion of
11 facilities or new establishment planned by the enter-
12 prise. Therefore, to obtain the understanding of the
13 Military circle, or the Commerce and Industry Ministry,
14 which had much to do with the material administration,
15 was a prerequisite to making the decision. Thus the
16 measure tended rather to weaken the voice of the
17 Finance Ministry, and to put the Financiers in a posi-
18 tion subsidiary to the industry. It reduced, as a
19 matter of fact, the Finance Ministry and the banking
20 institutions to a mere machinery to raise money. It
21 had been the most conspicuous feature of Japanese
22 economy since the outbreak of the China Incident, that
23 the material had become the master, and the finance
24 the secondary matter.
25

1 "4. As regards the national savings campaign:
2 To Finance the China Incident, the national bond floatation
3 tion had amounted to an enormous sum and huge disburse-
4 ments by the Government had been pouring into the home
5 market, giving rise to a great currency expansion and
6 the fear of a vicious inflation. Though the money
7 market had been stringent throughout 1937, the currency
8 became noticeably abundant in the following year.

9 Around April, 1938, the Government issued a statement
10 that it would start a savings campaign. The Savings
11 Encouragement Bureau and the National Savings Encourage-
12 ment Committee with a large membership, including my-
13 self, were set up in the Finance Ministry, at about
14 the same time.

15 "The outstanding feature of this savings cam-
16 paign was that, instead of resorting to any legal means
17 of compulsion, it looked to the nation's self-awakening
18 to the necessity of savings. Though some legislative
19 measures were taken in the later period, they were only
20 of an auxiliary meaning, the fundamental principle of
21 basing the campaign upon the spontaneous co-operation
22 of the people having been unchanged.

23 "In this it stood quite unique among Japan's
24 many wartime measures, which mostly depended upon the
25 exercise of legal power, and this very uniqueness we owe
to Mr. KAYA. He had been always unswervingly opposed

1 to opinions that advocated compulsory savings under law.
2 His method was not to fix the amount to be saved by
3 each individual by Government order under some law, or
4 to restrict the withdrawals of deposits. If anyone
5 would dispose of his Government bonds, he looked to it
6 that the seller would not sustain a loss, providing a
7 system of buying up at banks and post offices at a fair
8 price. Mr. KAYA often stressed that it is not right to
9 force upon the people what is not understood by them,
10 nor can it be practiced long with efficacy.

11 "5. Mr. KAYA's policy and his methods of
12 carrying it out were moderate, gradual and non-coersive,
13 altogether relying on the self-awakening of the people.
14 He was branded as a liberal on this account. His poli-
15 cies in the course of 1937 and his manners in putting
16 them into practice manifested in those days were account-
17 able to us. His way was to avoid radical, adventurous,
18 so-called reformatory measures. But so much more the
19 positive-radicals internal-reformists and controlled-
20 economists - the influential powers on the part of the
21 military and the rightists that dominated Japan at that
22 time, were dissatisfied with him.

23 "Mr. KAYA rose to the Vice Finance Minister
24 from the Chief of the Finance Bureau in February 1937
25 and to the Finance Minister in June of the same year.

1 He was rather young as a Minister, his experience and
2 his reputation were considered inadequate for the post.
3 Commerce and Industry Minister YOSHINO, who was a man
4 of about the same leaning with Mr. KAYA, and who acted
5 mostly in concert with him, was also a first timer.
6 Many people were doubtful as to whether they were able
7 enough to dispose of the demands on the part of the
8 radical forces and to proceed with moderate policy in
9 maintaining the situation, or powerful enough to resist
10 the pressure of the radicals, among us business men.
11 Their resignation at the Cabinet reshuffle of May 1938
12 was held ascribable to those circumstances at that time."

13 I omit paragraphs 6 and 7. if your Honor
14 please. That concludes the affidavit.

15 You may cross-examine.

16 THE PRESIDENT: Brigadier Quilliam.

17 BRIGADIER QUILLIAM: May it please the Tribu-
18 nal, the prosecution does not propose to cross-examine.
19 But with regard to paragraph 3, we desire to draw the
20 attention of the Tribunal to exhibit 840, paragraphs
21 153 and 154, and as regards paragraph 4, to exhibit 840,
22 paragraph 150.

23
24 MR. LEVIN: May the witness be released on
25 the usual terms?

THE PRESIDENT: He is released accordingly.

(Whereupon, the witness was

excused.)

1 MR. LEVIN: I now call the witness TSUSHIMA,
2 Juichi, who will testify by way of defense document
3 2657.
4

5 - - -

6 J U I C H I T S U S H I M A, called as a witness
7 on behalf of the defense, being first duly sworn,
8 testified through Japanese interpreters as
9 follows:

10 DIRECT EXAMINATION

11 BY MR. LEVIN:

12 Q Will you please state your name, address, and
13 occupation?

14 A My name is TSUSHIMA, Juichi. My present ad-
15 dress is No. 37 Taira-Machi, Meguro-Ku, Tokyo.
16 I have no occupation.

17 MR. LEVIN: Will Captain Van Meter hand the
18 witness defense document 2657?

19 (Whereupon, a document was
20 handed the witness.)

21 Q Will you please state whether or not your
22 name and seal appear on this document?

23 A Yes.

24 Q Are the contents thereof true and correct?

25 A Yes.

1 MR. LEVIN: I offer in evidence defense docu-
2 ment No. 2657, the affidavit of the witness TSUSHIMA,
3 Juichi.

4 THE PRESIDENT: Brigadier Quilliam.

5 BRIGADIER QUILLIAM: May it please the Tribu-
6 nal, we object to paragraph 6 of this affidavit, which
7 is contained in pages 5 to 10. This paragraph deals
8 only with the subject of the North China Development
9 Company. It is submitted that there is nothing new,
10 nothing that adds to the great volume of evidence with
11 reference to this company that has already been intro-
12 duced. For these reasons, and for the reasons which
13 were urged and accepted by the Tribunal with respect to
14 certain documents on Friday, of the same nature, we sub-
15 mit that paragraph 6 should be rejected.

16 MR. LEVIN: Mr. President, in view of the
17 previous rulings of the Tribunal, we will not object
18 to the rejection of paragraph 6.

19 THE PRESIDENT: The document is admitted
20 except as to paragraph 6, on the usual terms.

21 CLERK OF THE COURT: Defense document No. 2657
22 will receive exhibit No. 3324.

23 (Whereupon, the document above re-
24 ferred to was marked defense exhibit 3324
25 and received in evidence.)

1 MR. LEVIN: I proceed to read defense docu-
2 ment No. 2657, the affidavit of the witness TSUSHIMA,
3 Juichi, exhibit No. 3324, omitting formal parts.

4 "1. I, TSUSHIMA, Juichi was resident in
5 Great Britain, the United States, France, and so on, as
6 the Financial Commissioner abroad of the Finance Min-
7 istry from 1927 to 1934. Was Vice Finance Minister in
8 the OKADA Cabinet, July 1934-March 1936; Vice Governor,
9 Bank of Japan, February 1937-November 1941; President,
10 North China Development Company, November 1941-February
11 1945; Finance Minister in the KOISO Cabinet, February-
12 April 1945; and Finance Minister in Prince HIGASHIKUNI
13 Cabinet, August-October, 1945.

14 "2. On the occasion of the London Conference
15 on the Naval disarmament in 1930, I was just residing
16 at London and there appointed an aide from the Finance
17 Ministry to Mr. Reijiro WAKATSUKI, Japanese Delegate to
18 the Conference. Mr. KAYA, Okinori came to London from
19 Japan with the delegation also as an aide from the Fin-
20 ance Ministry.

21 "The aides from the Finance Ministry insisted
22 from the standpoint of our public finance that the Con-
23 ference should be brought to a success by all means
24 while the aides from the Navy, especially those from
25 the Naval General Staff, took the stand that Japan should
not mind to break off the Conference if her original

1 proposition did not prevail. There were occasions of
2 impassioned controversies between the two camps.

3 "Throughout these circumstances, Mr. KAYA
4 firmly upheld the position on the part of the Finance
5 Ministry. Mobilizing the whole stock of his naval
6 knowledge which almost surpassed the Navy's own ex-
7 perts, he exerted himself to the utmost, now giving
8 advice to the delegates and bringing pressure to bear
9 upon the die-hard opinions on the part of the Navy.

10 "It was fully recognized among us concerned
11 at that time that behind the screen, the London Confer-
12 ence on naval disarmament owed it in large measure to
13 his efforts, among the rest, that it could manage some-
14 how to come to a conclusion, after so many twists and
15 turns.

16 "3. When I was Vice Finance Minister in the
17 OKADA Cabinet (July, 1934-March, 1936), Mr. KAYA was
18 Chief, Accounts Bureau. He strove hard to curb the
19 increase in the general budget, especially the military
20 budget, to maintain sound public finance. For instance,
21 at the tenacious insistence of Mr. KAYA and the others,
22 Finance Minister TAKAHASHI, in compiling the budget for
23 1936 fiscal year, fixed a policy of gradual reduction in
24 national loan floatation and proclaimed it to the public.
25 The major objective was to curb the demands .

1 for increased military expenditures. Then the Army
2 and Navy were putting in every year their demands for
3 increased appropriations, but they should by no means
4 be acquiesced in, in order to maintain sound public
5 finance. Hence the policy of clamping down on them by
6 means of gradually tightening the limit to national
7 bond floatation -- a likeliest item to enlist general
8 support. The Army and Navy were furiously opposed to
9 the policy, for it amounted to block the main source of
10 revenue to satisfy their demands for increased appropria-
11 tions. It was after the exchanges of heated arguments
12 between the staffs of the fighting services and that of
13 the Finance Ministry, and the entanglements of the bud-
14 get conferences of the Cabinet with Ministers engaging
15 in all-night discussions, that the policy of gradual
16 reduction in national bond floatation was finally carried
17 through.

18 "Before long, the so-called February 26th Inci-
19 dent took place, when Finance Minister TAKAHASHI and many
20 other prominent high officials were assassinated. It was
21 observed by some of the well-informed quarters at that
22 time that the uncompromising stand on the part of the
23 Finance Ministry officials with Mr. KAYA as its champion
24 toward the requests for increased military appropriations
25 as above mentioned did much toward the outbreak of the
Incident.

1 "4. The February 26th Incident brought
2 about the downfall of the OKADA Cabinet. It was suc-
3 ceeded by the HIROTA Cabinet with Mr. BABA as Finance
4 Minister. Mr. BABA, acquiescing in the demands for
5 increased military appropriations, changed the budget
6 policy fixed by his predecessor. (Of course he
7 abandoned the policy of gradual reduction in national
8 bond floatation.) I, who was the Vice-Minister under
9 Finance Minister TAKAHASHI, resigned as a matter of
10 course. Mr. KAYA changed from Chief of the Accounts
11 Bureau to Chief of the Finance Bureau after Mr. BABA
12 assumed the Finance portfolio. The latter Bureau had
13 nothing to do with the budget deliberation.

14 "5. Finance Minister BABA's budget for 1937
15 fiscal year took shape in the fall of 1936. Thence-
16 forth, our imports rapidly increased; there appeared
17 a dangerous sign of chaos in our balance of trade and
18 foreign exchange rates; the machinery of foreign
19 exchange control was made unable to run smoothly;
20 our economics was confronted with profound uneasiness
21 and dangers.

22 "The HIROTA Cabinet collapsed in February,
23 1937. In the succeeding HAYASHI Cabinet, Mr. YUKI was
24 the Finance Minister and Mr. KAYA the Vice-Minister.
25 They strove to curtail the BABA budget. The HAYASHI

1 Cabinet went out in June, 1937, and the first KONOYE
2 Cabinet came to power, with Mr. KAYA as Finance
3 Minister. In July the Sino-Japanese hostilities broke
4 out. The demands for increased military expenditures,
5 expansion of production and what not became intensi-
6 fied; the financial circle was overtaken by uneasiness
7 more than ever. Mr. KAYA, as the Finance Minister,
8 racked his brains to keep the scared finance in order
9 through maintaining the exchange rates, controlling
10 the supply of industrial funds, easing the credit
11 stringency, checking the advance in money rates,
12 averting the closing of stock exchanges, stabilizing
13 the security market, moderating the panic-stricken
14 sentiment of the financial circle and preventing the
15 self-diffidence, etc.

16 "The plight then was such that whoever might
17 become the Finance Minister, it would be the utmost of
18 his power to maintain the order of the financial
19 circle, leaving no room for anything like a prepara-
20 tion in the fields of economics and public finance
21 for a future war of aggression."

22 You may cross-examine.

23 MR. WILEY: May it please the Tribunal, the
24 prosecution has no cross-examination on this exhibit.

25 MR. LEVIN: May the witness be excused on

the usual terms?

1

THE PRESIDENT: He is released accordingly.

2

(Whereupon, the witness was ex-

3

cused.)

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1 MR. LEVIN: I now call the witness UCHIDA,
2 Shinya who will testify by way of defense document
3 No. 2518.

4 - - -

5 S H I N Y A (Nobuya) U C H I D A, called as a wit-
6 ness on behalf of the defense, being first duly
7 sworn, testified through Japanese interpreters
8 as follows:

9 DIRECT EXAMINATION

10 BY MR. LEVIN:

11 Q Will you state your name, address and occu-
12 pation, please.

13 A My name is UCHIDA, Nobuya. My address is
14 No. 3 Hiroo-cho, Azabu, Minato-ku, Tokyo. I have no
15 occupation.

16 Q Captain Van Meter will hand you defense docu-
17 ment No. 2518. Will you please state whether your
18 name and seal appear thereon?

19 A Yes.

20 Q Are the contents contained therein true and
21 correct?

22 A Yes, true and correct.

23 MR. LEVIN: I now offer in evidence defense
24 document No. 2518, the testimony of the witness UCHIDA,
25 Shinya.

THE PRESIDENT: Mr. Wiley.

1 MR. WILEY: May it please the Tribunal, we
2 object to paragraph 5 of this exhibit on the ground
3 that it has no materiality. It merely sets forth a
4 conversation between the affiant, or the witness, and
5 Prince KONOYE back on July 20, 1945 concerning a pro-
6 posed trip to Moscow.

7 MR. LEVIN: I have no objection to omitting
8 this paragraph, Mr. President.
9

10 THE PRESIDENT: The document, except para-
11 graph 5, is admitted on the usual terms.

12 CLERK OF THE COURT: Defense document No.
13 2518 will receive exhibit No. 3325.

14 (Whereupon, the document above
15 referred to was marked defense exhibit
16 No. 3325 and received in evidence.)

17 MR. LEVIN: I proceed to read defense docu-
18 ment No. 2518, the testimony of the witness UCHIDA,
19 Shinya, exhibit No. 3325:

20 "1. I, Shinya UCHIDA, after graduation from
21 Tokyo Higher Commercial School in 1905, entered into
22 business. Since 1924 when I became a member of Par-
23 liament I entered into a political career. I was a
24 Parliamentary Vice-Minister of the Navy from 1927 to
25 1929, a Parliamentary Vice-Minister of Communication

1 from 1931 to 1932, a Railway Minister from 1934 to
2 1936 and a Minister of Agriculture and Commerce in
3 1944. I was also a member of the House of Peers.

4 "2. When I was Parliamentary Vice-Minister
5 of the Navy I often heard from officers of the Naval
6 Ministry in charge of the naval budget that they were
7 being extremely annoyed with the opposition to the
8 Naval Office's demand for an increase in their naval
9 budget by Mr. KAYA of the Finance Office.

10 "Again when I was Railway Minister, Mr. KAYA,
11 who was then Chief of the Accountants Bureau of the
12 Finance Ministry, strenuously endeavored to check the
13 increase in the military budget. This led to a dis-
14 agreement between the War Ministry and the Finance
15 Ministry. There was a heated debate on this matter at
16 a cabinet meeting in November 1934, when Finance
17 Minister FUJII who was suffering from ill health had
18 to quit his seat, unable to stand it any longer, and
19 thereupon Mr. KAYA became the chief negotiator. He
20 firmly adhered to the policy of opposing the Army's
21 demand, exchanging heated controversies through the
22 night. As the issue threatened to bring about a
23 political crisis, I asked the Minister of War to make
24 a concession, fearing that the downfall of the OKADA
25 Cabinet would mean its replacement by a Cabinet of

1 the rightist group, judging from the situation in the
2 country, at that time when the influence of the so-
3 called May 15 Incident was still strong. I succeeded
4 in persuading the War Minister to make a concession
5 by reducing its demands and I devised to lighten the
6 burden on general account by applying about fifteen
7 million yen out of the Railway Special Accounts to
8 the Sinking Fund. Some amounts from the Communica-
9 tions Special Accounts and the Chosen Special Accounts
10 were also added to this. By taking such expediences
11 the drafting of the national budget for 1935 was com-
12 pleted and a political crisis was averted.

13 "Again at cabinet meetings on the following
14 year's national budget Mr. KAYA helped Finance Minister
15 TAKAHASHI and turned down the War Ministry's demand,
16 which again brought about entanglements. Through
17 the good offices of Communications Minister MOCHIZUKI,
18 Prince KAN-IN, then Chief of Army General Staff,
19 exerted his influence, and the drafting of the budget
20 was finally completed.

21 "3. With the advent of 1941 some deep-think-
22 ing people entertained a grave concern over the Ameri-
23 can-Japanese relations. Mr. KAYA who was then Presi-
24 dent of the North China Development Company, Ltd.,
25 called on me when he returned from Peking at the

1 beginning of October of the same year. I remember
2 both of us exchanging views to the effect that Japan
3 should absolutely avoid a war with America.

4 "4. Mr. KAYA is a financial expert with ex-
5 tended service in the Finance Ministry and is not a
6 politician. He did not belong to any political
7 party or association. I have never heard of his
8 affiliation with the militarists, rightists or left-
9 ists. He had some connection with Yokusan Seijikai
10 (Imperial Rule Assistance Political Association) in
11 1944 but was never heard having engaged in any politic-
12 al activities."

13 You may cross-examine.

14 THE PRESIDENT: Mr. Wiley.

15 MR. WILEY: May it please the Tribunal,
16 there will be no cross-examination.

17 MR. LEVIN: May the witness be excused on
18 the usual terms?

19 THE PRESIDENT: He is excused accordingly.

20 (Whereupon, the witness was ex-
21 cused.)

22 - - -

23 MR. LEVIN: I now call the witness OKAZAKI,
24 Koichi who will testify by way of defense document
25 No. 2059.

1 K O I C H I (Yasuichi) O K A Z A K I, called as
2 a witness on behalf of the defense, being first
3 duly sworn, testified through Japanese interpre-
4 ters as follows:

5 DIRECT EXAMINATION

6 BY MR. LEVIN:

7 Q Will you please state your name, address and
8 occupation.

9 A My name is OKAZAKI, Yasuichi. My address is
10 No. 930 Sakai, Musashino-machi, Kita Tama-gun, Tokyo.

11 Q Captain Van Meter will hand you defense docu-
12 ment No. 2059. Will you state if your signature and
13 seal appear on this document?

14 A Yes.

15 Q Are the contents therein true and correct?

16 A True and correct.

17 MR. LEVIN: I offer in evidence defense docu-
18 ment No. 2059, the testimony of the witness OKAZAKI,
19 Koichi.

20 THE PRESIDENT: Admitted on the usual terms.

21 CLERK OF THE COURT: Defense document No.
22 2059 will receive exhibit No. 3326.

23 (Whereupon, the document above
24 referred to was marked defense exhibit
25 No. 3326 and received in evidence.)

1 MR. LEVIN: I now read defense document
2 2059, exhibit 3326, the affidavit of OKAZAKI, Koichi,
3 omitting the formal parts:

4 "I, Koichi, OKAZAKI, was an Intendant Major
5 General, having served as a member of the Intendant
6 Bureau of the Army from April 1933 to April 1937.
7 During this time I was in charge of the completion
8 of the Army's budget and the discussions concerning
9 them with the Finance Ministry. I am well acquainted
10 with KAYA, Okinori, who during this time was an offi-
11 cial in the Accounts Bureau of the Finance Ministry
12 in charge of Military budgets. He was the Chief of
13 the Budget and Settled Accounts Section of the Ac-
14 counts Bureau of the Finance Ministry from April 1932
15 to about 1934 and the Chief of the Accounts Bureau
16 from about 1934 to about 1936. During that period
17 it was my duty, yearly, to present the summarized
18 budget estimates of the Army to the Finance Ministry
19 and to obtain its approval thereof. The Army budgets
20 at that time were continuously increasing in parallel
21 with the international situation. In connection with
22 those budgets the attitude of the Finance Ministry and
23 particularly that of Mr. KAYA, as the Official in
24 charge, was very critical of the heavy fiscal demands
25 of the Army and these officials and Mr. KAYA were

1 vigorously opposed to granting the Army's budgetary
2 requests.

3 "Mr. KAYA based his opposition on the ground
4 that the Army budget requests if granted would be con-
5 trary to sound public finance and that the national
6 defense expenditures must not be permitted to exceed
7 the limit of the state public finance plan.

8 "This reasoning of Mr. KAYA and his action
9 opposing the military budget requests was criticized
10 by army officers, clamoring for completion of national
11 defense in view of the international situation, as
12 anti-militaristic, and as infringing upon the preroga-
13 tive of the High Command. I will relate two exper-
14 iences to illustrate the attitude of Mr. KAYA in op-
15 posing the fiscal demands of the Army.

17 "1. During the time when the Army budget
18 for 1936 fiscal year was under preparation there ex-
19 isted an army appropriation for completion of national
20 defense which had been approved by the Imperial Diet
21 as a continued expenditure to be spread over more
22 than 10 years. After the Manchurian Affair the Army
23 was hurriedly completing its national defense plan and
24 requested that the continuing appropriation be revised
25 as to the allotment for each year thereby to shorten
the period previously scheduled for the completion of

1 the program. The Finance Ministry officers led by
2 Mr. KAYA insisted that the Army request could not be
3 complied with due to the condition of the nation's
4 public finance. The negotiations between the officers
5 of the two ministries ended in a failure and the
6 problem was shifted to a Cabinet conference in which
7 it was not easy to arrive at an accord, debate con-
8 tinuing all night through. Such instances, we be-
9 lieved, tended to provoke the young officers and were
10 important factors in generating the February 26 In-
11 cident when Finance Minister TAKAHASHI was assassi-
12 nated. The fiscal policies of Finance Minister
13 TAKAHASHI were fully supported by Mr. KAYA and be-
14 cause of this he, too, became the object of bitter
15 Army opposition.

16 "2. It was either 1933 or 1934 fiscal year
17 in which it occurred, when I accompanied Colonel (later
18 General) Tomoyuki YAMASHITA, then Chief, Military
19 Section, to a conference with Mr. KAYA, then Chief,
20 Budget Section, on the restoration of some items which
21 the Finance Minister had rejected from the Army budget.
22 I remember that Mr. KAYA did not yield to the urging
23 of the Army and stubbornly refused to restore the items
24 in question; this so aroused the Colonel that he charged
25 that the Finance Ministry's lacking of understanding

1 of the international situation, and of his taking
2 such an unsympathetic attitude towards the Army will
3 give rise to a serious question. To this Mr. KAYA
4 replied: that just such an attitude is an expression
5 of the recent ideology of the Army in general, which
6 is really a matter of greatest regret for our country.
7 And after several hours of debate at this conference
8 we could not reach an agreement."

9 You may cross-examine.

10 MR. WILEY: May it please the Tribunal,
11 there will be no cross-examination.
12

13 MR. LEVIN: May the witness be excused on
14 the usual terms?

15 THE PRESIDENT: He is excused accordingly.

16 (Whereupon, the witness was excused).

17 THE PRESIDENT: We will recess for fifteen
18 minutes.

19 (Whereupon, at 1045, a recess was
20 taken until 1100, after which the proceedings
21 were resumed as follows.)
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1 MARSHAL OF THE COURT: The International
2 Military Tribunal for the Far East is now resumed.

3 MR. LEVIN: I call the witness TAMEMOTO,
4 Hiroatsu.

5 - - -

6 H I R O A T S U T A M E M O T O, called as a
7 witness on behalf of the defense, being first
8 duly sworn, testified through Japanese inter-
9 preters as follows:

10 DIRECT EXAMINATION

11 BY MR. LEVIN:

12 Q Captain Van Meter will hand you defense
13 document No. 2058 and will you please state whether
14 your signature and seal appear thereon?

15 Will you please state your name, address
16 and occupation first, please?

17 A My name is TAMEMOTO, Hiroatsu; my address
18 is: 458 1-chome, Tamagawa, Okusawa-machi, Setagaya-
19 ku, Tokyo; my occupation, businessman.

20 Q Captain Van Meter has handed you defense
21 document No. 2058. Will you please state whether or
22 not your name and seal appear on this document?

23 A This is my affidavit.

24 Q Are the contents true and correct?

25 A There is a correction I wish to make in the

fourth line of paragraph 2.

1 MR. LEVIN: In the English translation it
2 appears in paragraph 2 just above the last line, that
3 is, the last line of the first subdivision of that
4 paragraph.

5 THE WITNESS: I should like to add the words,
6 "in accordance with treaty stipulations," to the last
7 line of the first paragraph of paragraph 2.
8

9 That is all, sir.

10 THE MONITOR: The words, "positive arrange-
11 ments," should be deleted and be replaced by "arrange-
12 ments of armaments in accordance with treaties,"
13 according to the witness.

14 MR. LEVIN: I think I might save time,
15 Mr. President, if I indicated the translation
16 which has been given to us and the correction he
17 desires to make there. The words are, after the word
18 "arrangements," "due to the desire on the part of the
19 navy to increase its strength to treaty limits"; and
20 then continue to the end of the sentence.

21 Q With that correction is the affidavit true
22 and correct?

23 A Yes.

24 MR. LEVIN: I offer in evidence the affidavit
25 of TAMEMOTO, Hiroatsu, defense document No. 2058.

1 THE PRESIDENT: Admitted on the usual terms.

2 CLERK OF THE COURT: Defense document

3 No. 2058 will receive exhibit No. 3327.

4 (Whereupon, the document above
5 referred to was marked defense exhibit
6 No. 3327 and received in evidence.)

7 MR. LEVIN: I read defense document No. 2058,
8 the affidavit of TAMEMOTO, Hiroatsu, exhibit No. 3327,
9 omitting formal parts:

10 "1. Mr. Okinori KAYA was, according to my
11 memory, the chief of the budget drafting and Accounts-
12 Settling Section of the Accountants Bureau of the
13 Finance Ministry from 1932 to 1934 and held the post
14 chief of the Accountants Bureau of the same ministry
15 from 1934 to 1936.

16 "During the years 1932 to 1935, I, Hiroatsu
17 TAMEMOTO, former Paymaster Rear-Admiral, served as a
18 member of the Accounts Bureau of the Naval Office
19 concerned with the general budget of the Navy and
20 during such time had frequent contact with the Finance
21 Ministry on matters relating to the Naval budget and
22 as a result I became well acquainted with Mr. KAYA,
23 who was then in charge of the Budgetary demands pre-
24 sented by the various ministries.
25

"2. During this period while there was

1 considerable national demand for the redemption of
2 red-in bonds, the re-establishment of a sound national
3 finance, and for disarmament as marked by the
4 Washington and London conferences, there was also a
5 formidable national support for the establishment of
6 self-supply and self-sufficiency in the interest of
7 national security. It was also a period of time
8 marked by a steady increase, year by year, of the
9 Naval budget due to the desire on the part of the
10 navy to increase its strength to treaty
11 limits and also because of the rise of prices.

12 "During all of this period of time Mr. KAYA
13 persisted in his advocacy of the maintenance of peace-
14 ful relations between nations, the prevention of
15 armaments rise, the establishment of a sound national
16 finance and the lightening of the financial burden of
17 the nation.

18 "We of the Navy office insisted that Mr. KAYA
19 was engaging in excessive strictness in assessing our
20 budget and that it would endanger the national secur-
21 ity. I recall that, as a result of our negotiations
22 with Mr. KAYA over the Naval budget we had to yield to
23 his insistence and consent to a reduction of the
24 increase proposed in the budget by about twenty to
25 forty percent, varying with the circumstances in each

1 year.

2 "3. During this time I recall Mr. KAYA
3 vigorously expressed the view that national defense
4 without financial security was sheer nonsense and
5 that no armament supported by a starving nation could
6 be of any service.

7 "With the adoption of an expansionist
8 financial policy by Finance Minister BABA who held
9 the office from March 1936 to February 1937, it was
10 generally understood Mr. KAYA retired from his office
11 in the Accounts Bureau due to the sharp basic differ-
12 ence on fiscal matters between himself and the new
13 Finance Minister."
14

15 You may cross-examine.

16 THE PRESIDENT: Mr. Wiley.

17 MR. WILEY: May it please the Tribunal,
18 there will be no cross-examination.

19 MR. LEVIN: May the witness be released on
20 the usual terms?

21 THE PRESIDENT: He is released accordingly.

22 (Whereupon, the witness was excused.)

23 THE PRESIDENT: Is there anything to be
24 gained by calling the witness where the prosecution
25 has made up its mind not to cross-examine?

However, we will not waste time on it; go

1 ahead.

2 MR. WILEY: May it please the Tribunal,
3 as far as we are concerned, there will be no cross-
4 examination of the witnesses TOYODA, KOBAYASHI,
5 GOTO and YAMAMOTO.

6 MR. LEVIN: We offer in evidence -- we call
7 the witness TOYODA, Teijiro, who will testify by way
8 of defense document No. 2061.

9 THE PRESIDENT: There is no need to call
10 him in view of what has been stated by the prosecution.

11 MR. LEVIN: Yes, I will just read the
12 affidavit.

13 THE PRESIDENT: You offer in evidence
14 defense document 2061?

15 MR. LEVIN: Yes, that is right.

16 THE PRESIDENT: Admitted on the usual terms.

17 CLERK OF THE COURT: Defense document No. 2061
18 will receive exhibit No. 3328.

19 (Whereupon, the document above
20 referred to was marked defense exhibit
21 No. 3328 and received in evidence.)

22 MR. LEVIN: I read the evidence of the
23 witness TOYODA, Teijiro, exhibit No. 3328, by way of
24 defense document No. 2061:
25

"1. I, Teijiro TOYODA, as a navy man,

1 attended the Japanese delegations to the Geneva
2 Naval Conference of 1927 and the London Naval
3 Conference of 1930; remained in the naval service
4 until April, 1941, when I was appointed full Admiral,
5 and retired from the Navy to immediately assume the
6 portfolio of Commerce and Industry in the Second
7 KONOYE Cabinet. Joined also the Third KONOYE Cabinet
8 as its Foreign Minister, in July, 1941.

9 "2. Mr. Okinori KAYA was present at both
10 conferences of Geneva and London as an attendant from
11 the Finance Ministry. It is fresh in my memory how
12 eagerly, on both occasions, he insisted upon the
13 necessity of the naval limitation and exerted himself
14 toward the success of the conference.

15 "3. When he arrived in Tokyo from Peking
16 around the first part of October, 1941 (he was then
17 the President of the North China Development Company),
18 he called on me at the Foreign Minister's official
19 residence to pay his respects for the first time since
20 my receiving the Foreign portfolio. On that occasion
21 he earnestly requested of me, saying, 'I eagerly wish
22 you would make every effort to maintain peace between
23 the U.S. and Japan and prevent war,' and took his
24 leave."
25

I offer defense document No. 2118, the

1 testimony of the witness KOBAYASHI, Seizo.

2 THE PRESIDENT: Admitted on the usual terms.

3 CLERK OF THE COURT: Defense document
4 No. 2118 will receive exhibit No. 3329.

5 (Whereupon, the document above
6 referred to was marked defense exhibit
7 No. 3329 and received in evidence.)

8 MR. LEVIN: I read the evidence of the
9 witness KOBAYASHI, tendered by defense document
10 No. 2118, exhibit No. 3329, omitting formal parts.

11 I understand, Mr. President, that in the
12 first line where November appears it should be March.
13 May I make that correction?

14 THE PRESIDENT: Unless objected to we will
15 make the correction.

16 MR. LEVIN (Reading): "1. Prior to my
17 retirement in March 1945, I, Seizo KOBAYASHI, held
18 the following positions: Navy Vice-Minister;
19 Commander in Chief of the Combined Fleet; Full
20 Admiral in 1933 (the 8th year of Showa); placed on
21 the reserve list in March 1936 (the 11th year of
22 Showa); appointed Governor-General of Taiwan in
23 September of the same year and retired in November
24 1940; and State Minister without Portfolio from
25 December 1944 and to March 1945.

1 "2. I was present at the Geneva Naval
2 Disarmament Conference of 1927 as a chief attendant
3 from the Navy with the Japanese delegation and
4 Mr. KAYA was with us as an attendant from the
5 Finance Ministry. In the course of his duties in
6 this connection Mr. KAYA worked out many figures to
7 demonstrate how, when the disarmament treaty is con-
8 cluded, our naval expenditures necessary in building
9 and maintaining battleships would be cut down; and how
10 the anticipated increase of our naval expenditures
11 could be prevented. His purpose in so doing was to
12 encourage the Japanese delegation to reach an agree-
13 ment on Naval limitations; he made clear to them how
14 effective and important the conclusion of the treaty
15 was for the lightening of the burden of the treasury
16 and the people and enthusiastically pleaded with the
17 delegation and attendants for the necessity of bring-
18 ing the treaty into being.

19 "3. I served as Chief of the Naval Affairs
20 Bureau of the Navy Ministry from December 1923 to
21 March 1927; as Chief, Naval Technical Department from
22 February 1929 to June 1930; and as Vice Navy Minister
23 from June 1930 to November 1931. During this time,
24 when necessary, I negotiated personally with the
25 Finance Ministry officials concerned. Mr. KAYA was

1 giving most careful attention and study during this
2 period to the War and Navy budgets and was exerting
3 every effort to cut them or check their increase as
4 far as possible.

1 "4. Hailing from the same province as myself,
2 Mr. KAYA had been an intimate friend of mine. In May
3 1938, I, who was then the Governor-General of Formosa,
4 came to Tokyo and called on Mr. KAYA, the then Finance
5 Minister, at his official residence to talk with him
6 on the budget for the Government-General of Formosa.

7 "After having carefully listened to my explanation
8 on the budget scheme, he said to me in a serious
9 tone that he understood my point but as he was going
10 to resign his post as Finance Minister that day he
11 would transfer my business to his successor.

12 "It was quite a revelation to me. So I asked
13 him the reason. He answered in substance that when
14 last summer the so-called China Incident broke out at
15 Lukouchiao the Government promptly decided upon a
16 policy of 'non-expansion and settlement of the
17 incident on the spot.'

18 "In compliance with this Government policy,
19 he said, he endeavored to minimize the military
20 appropriations for the incident, and had taken only
21 temporary, emergency measures in the matter of source
22 of revenues to cover those appropriations. But contrary
23 to their wishes, the incident spread wider and
24 wider with the consequent increase in the military
25 appropriations which the present temporizing revenue

1 measure was incapable of meeting. It would become
2 inevitable to impose a heavy burden upon the people.
3 The thought, he said, was unbearable to him.

4 "Moreover, as the incident spread there seemed
5 to grow in the influential circle an atmosphere of
6 dissatisfaction with him as Finance Minister, so he
7 made up his mind to resign.

8 "5. On 18 October 1941 the TOJO Cabinet was
9 formed and Mr. KAYA was appointed Finance Minister.
10 On the day following his appointment he came to talk
11 to me. Since the Japanese-American problem had become
12 the subject of much discussion I inquired of Mr. KAYA,
13 in the course of this conversation, how he came to
14 enter the TOJO Cabinet. In reply thereto he stated:
15 'If the TOJO Cabinet is all-out for war, of course,
16 I would not have accepted a seat in it. Since that
17 was a matter of utmost concern for me, when I was
18 asked to join his Cabinet the first thing I questioned
19 him about was this. He answered that the U.S.-Japanese
20 negotiations would be continued and that he was resolved
21 to do his best to arrive at an understanding, so I came
22 to accept his offer.' I also recall that in the course
23 of this conversation with Mr. KAYA he expressed his
24 desire to bring the U.S.-Japanese negotiations to a
25 peaceful conclusion by all means."

1 I now offer in evidence defense document
2 2060, the affidavit of GOTO, Ryunsuke.

3 THE PRESIDENT: Admitted on the usual terms.

4 CLERK OF THE COURT: Defense document No.
5 2060 will receive exhibit No. 3330.

6 (Whereupon, the document above
7 referred to was marked defense exhibit
8 No. 3330 and received in evidence.)
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1 MR. LEVIN: I read now the testimony of the
2 witness GOTO, Rynosuke, defense document No. 2060,
3 exhibit No. 3330, omitting the formal parts:

4 "1. I, Takanosuke GOTO, upon graduation in
5 1919 from a law class of the Imperial University
6 engaged in the activity of Nippon Seinenkan, a
7 foundation of which the late Prince KONOYE was
8 chairman. I also participated in the organization
9 of the association called Dai Nippon Hengo Seinenkan
10 (The Japanese Federation of Young Men's Associations)
11 and undertook the management of this Association.

12 "In 1932 I toured Europe and America and
13 upon my return to Japan and with the assistance of
14 liberals and people with socialistic thinking
15 established a society named Showa Kenkyukai
16 (Showa Research Society), for the purpose of
17 achieving political renovation; and, in further-
18 ance of this purpose, I engaged in research con-
19 cerning various political, economic and cultural
20 problems facing this country. After the outbreak of
21 the China Incident in 1937, with the belief that the
22
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1 only way toward a speedy settlement of the Incident
2 lay in the formation of a political party powerful
3 enough to hold down the military in this country and
4 in the hope of obtaining the good cooperation of the
5 Nationalistic party in China, I rendered assistance to
6 Prince KONOYE in the creation of Taisei Yokusen-Kai (The
7 Imperial Rule Assistance Association).

8 "After its establishment, however, this Associ-
9 ation drifted away from the course which we originally
10 planned for it and because of this I severed my connec-
11 tion with it six months after its inauguration.

12 "2. Mr. KAYA and I attended the First High
13 School together and after our graduation from the
14 University we continued to have friendly relations.
15 Because of this I have come to have a real knowledge
16 of his character and personal and of his business life.

17 "a. Mr. KAYA has spent his entire adult career
18 as a civil servant until finally by advancement he
19 became the administrative head of one of the Government
20 departments. His career has been that of a public
21 official developed through civil service who had devoted
22 the majority part of his business life in its service in
23 the field of finance.

24 "b. He had no association with the military
25 clique, the Rightists, or the Leftists and he was recog-

1 nized by the Japanese people solely as a distinguished
2 financial expert and not as a political figure.

3 "3. I know that he was very indifferent to
4 his personal affairs in official life and never once
5 sought to gain a high position such as Finance Minister.
6 I was a classmate of the late Prince KONOYE and since
7 graduation from the University maintained constant
8 contact with him. We were on such friendly terms that
9 from time to time I expressed freely to him my views
10 on political affairs and he on his part often consulted
11 me on state affairs and discussed his unreserved opinions.
12 Aside from secret state affairs I was fairly well posted
13 with back stage political information centering around
14 him.

15 "a. In June 1937 when Prince KONOYE was in
16 the task of forming his Cabinet I know that he recom-
17 mended Mr. Kenji KODAMA as the first candidate for
18 Finance Minister. But as Mr. KODAMA refused to accept
19 the office his thoughts turned to the selection of
20 Mr. KAYA, whom I had strongly recommended.
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1 "b. While Prince KONOYE recognized the
2 ability and talent of Mr. KAYA as a financial adminis-
3 trator he was aware of the fact that Mr. KAYA was a
4 man who was not well considered in military circles
5 because of his persistent objection for many years to
6 increases in military budgets. And therefore Prince
7 KONOYE was very hesitant in naming Mr. KAYA for
8 Finance Minister.

9 "However, since he failed to locate any
10 other deemed suitable and also because he wanted to
11 infuse some freshness into the lineup of his new
12 Cabinet he eventually recommended Mr. KAYA for the
13 position notwithstanding the latter's unfavorable
14 standing in military circles. This is what I heard
15 personally from the late Prince KONOYE at that time.
16

17 "4. In May 1938 when the first KONOYE
18 Cabinet was reorganized, as had been anticipated
19 Mr. KAYA resigned his position due to the pressure
20 of opposition to his retention of the office exerted
21 by army circles. Prince KONOYE asked me to call on
22 Mr. KAYA and request his resignation as the army
23 was strongly opposed to his continuance as Finance
24 Minister. I conveyed to Mr. KAYA Prince KONOYE's
25 wishes. As the result, Mr. KAYA resigned his post
and Mr. Seihin IKEDA entered the cabinet in his place.

1 "5. Toward the advent of 1941 there existed
2 grave concern over the American-Japanese relations.
3 Both Mr. KAYA and myself, feeling it to be a vital
4 necessity to maintain a peaceful relation with
5 America, had on several occasions exchanged views
6 on this crucial matter.

7 "When Mr. KAYA assumed the Finance port-
8 folio in the cabinet succeeding the Third KONOYE
9 Cabinet, which was formed by General TOJO who was
10 regarded by the people as one holding the strongest
11 attitude toward America, I was struck with surprise
12 and felt some displeasure. But when I saw Mr. KIDO,
13 the then Keeper of the Privy Seal, he explained the
14 situation thusly: 'General TOJO has no mind to start
15 a war with America as you think he does. Following
16 faithfully the wishes of the Emperor of amicably
17 settling the issue between the two countries he is
18 endeavoring to do his best in the conduct of the
19 negotiations with America.' I felt that I had misun-
20 derstood Mr. KAYA's mind in his affiliation with the
21 TOJO Cabinet; therefore, I called on Mr. KAYA at his
22 office and talked with him on his decision to join
23 the cabinet. This was about 10 days after the TOJO
24 Cabinet was formed. Mr. KAYA replied to me to the
25 following effect: 'I would not have joined the

1 cabinet if it had already been decided to make war.
2 I asked General TOJO about this and he told me that
3 he wanted to continue negotiations with America and
4 was endeavoring to settle the issue with diplomatic
5 negotiations. So I accepted the post in his cabinet.
6 This dispelled my concept of Mr. KAYA's mind and I
7 left his office encouraging him to exert his best
8 effort toward an amicable settlement of the American-
9 Japanese party."

10 I now offer in evidence the testimony of
11 Kumaichi YAMAMOTO by way of defense document 2617.

12 THE PRESIDENT: Admitted on the usual terms.

13 CLERK OF THE COURT: Defense document No.
14 2617 will receive exhibit No. 3331.

15 (Whereupon, the document above
16 referred to was marked defense exhibit
17 No. 3331 and received in evidence.)

18 MR. LEVIN: I call to the Tribunal's atten-
19 tion that this witness testified by way of exhibit
20 2915, and his personnel record appears therein.

21 I will read defense document No. 2617,
22 testimony of Kumaichi YAMAMOTO, exhibit 3331, omitting
23 the formal parts:

24 "1. I, Kumaichi YAMAMOTO, as testified be-
25 fore the Court of International Military Tribunal,

1 Far East, on August 15 (the defense document No. 2014),
2 exhibit No. 2915), always attended the sessions of the
3 Liaison Conference since the formation of the TOJO
4 Cabinet.

5 "2. Finance Minister KAYA was present at
6 most sessions of the Liaison Conference, though he
7 never played a leading role in the discussions, as the
8 topics of the conference mostly centered around the
9 U. S. - Japanese negotiations.

10 "3. At the conference, although the members
11 were unanimous in their stand that utmost effort be
12 made toward the success of the U. S. - Japanese negotia-
13 tion, opinions crossed on the policy to be taken in
14 case of the failure of the negotiation, as the most
15 difficult problem before them.

16 "Finance Minister KAYA directed his whole
17 energy toward avoiding war, repeatedly advancing a
18 thorough study on peaceful means to solve the diffi-
19 culties which, arising from the negotiation failure,
20 would threaten to develop into major causes of war;
21 the sight still remains in my memory as one of the
22 most impressive scenes.

23 "4. As one evidence of the above, at the
24 conference session of November 1, 1941, when it was
25 discussed whether we should be resolved to take arms

1 for self-defense against the U. S., if that country
2 would not accept either form of concessions we were
3 prepared to make in the so-called formulas A and B,
4 Finance Minister KAYA proposed, as an attempt service-
5 able to avert war, a study on the possibility and
6 advisability of solving the oil problem by means
7 of our importing it from the North Saghalien or,
8 going a step farther, our purchasing up the territory
9 itself. For it was certain that if the U. S. - Japanese
10 negotiation should fail, we would be cut from oil sup-
11 ply from either the U. S. or the D. E. I., and to be
12 reduced to such circumstances would be considered as
13 a fatal blow to this country which is so poor in the
14 indigenous production, and threaten to become one of
15 the major inducements toward a war, with the result
16 that it was one of the gravest concerns before the
17 Liaison Conference, whether there could be any means
18 to peacefully solve the problem of oil. Mr. KAYA's
19 earnest proposal as above mentioned, however, could
20 not obtain approval as 'lacking in practicability.'
21 (He also had laid before the conference his synthetic
22 oil project with the same purpose, which plan had
23 been rejected on the same ground.
24
25 "5. After all, the opinion of the High Com-
mand at the conference was: 'Japan is confronted with

1 economic and military menace at the hands of the
2 Allied Powers, which is aggravating day by day. Let
3 it alone, the very existence of our country would be
4 threatened. Unless the U. S. - Japanese negotiation
5 has been concluded through December, our national de-
6 fensive power on the western Pacific will become much
7 inferior to that of the Allied Powers. If then we
8 are attacked by the U. S., or forced to a war for
9 existence, the High Command will no more be in a posi-
10 tion to be held responsible for the national defense.
11 It is therefore imperative for us to make up our mind
12 here, at this moment, that if there is no prospect of
13 success for the negotiation between the two countries
14 even at the end of November, then we will make our
15 final resolution toward the U. S., and to begin at
16 once our preparation for military operations. However,
17 as it goes without saying that we should continue our
18 best efforts for the success of the negotiation, if we
19 become assured of its success, the operational prepara-
20 tion should be stopped as a matter of course.'

21 "Finance Minister KAYA contended: 'It is a
22 matter of gravest consequence that a situation might
23 arise when the High Command says they cannot assume the
24 responsibility for the national defense. But it should
25 not be lightly done that we make our final resolution

1 toward the U. S., even if the promises of success
2 should have been all lost for the negotiation. We
3 must consider the uncomparable misery that would be
4 brought about if the U. S. and Japan should fight.
5 Our contrymen have already been experiencing consider-
6 able hardships since the outbreak of the Sino-Japanese
7 hostilities. To be thrown at the mercy of further
8 distresses is unbearable. Moreover, there is no
9 assurance of our victory in the opinion of the Naval
10 High Command if the war drags on more than two years.
11 So there is a danger of our losing both the fruits
12 and root, if we lose the war, even if it may be for
13 self-defense. The war must be avoided by some means,
14 as far as possible. I cannot forthrightly agree to
15 the war plan. I want to consider the matter over
16 more carefully.'

17 "Foreign Minister TOGO also insisted upon
18 the necessity of careful reconsideration.

19 "The High Command insisted:

20 "Unless we start on the preparation for
21 military operations at once, considering an eventuality
22 of our being driven to the worst, it would be impossi-
23 ble for us to fight, even if we are forced to do so
24 suddenly at the end of November when all prospect of
25 success might vanish for the U. S. - Japanese

1 negotiation. Therefore, we must at once make up our
2 mind that we will make our final resolution in the
3 aforesaid manner. Otherwise, the High Command cannot
4 assume the responsibility of defending the nation.'

5 "Finance Minister KAYA and Foreign Minister
6 TOGO reserved their yes or no, saying they wanted at
7 least one more day's deliberation as it was a matter
8 of gravest consequence.

9 "At that, Chief of the General Staff
10 SUGIYAMA manifested his dissatisfaction: 'It is
11 most regrettable that they hesitate even at this
12 moment. Under such circumstances it is impossible
13 on the part of the High Command to take the responsi-
14 bility of national defense.' But both Mr. KAYA and
15 Mr. TOGO did not withdraw their reservation.

16 "6. I do not remember whether Finance
17 Minister KAYA was present at the Liaison Conference
18 meeting held in December 1941, prior to the outbreak
19 of the U. S. - Japanese War."

20 Signed, "On this 8 day of Aug., 1947, at
21 Tokyo."

22 THE PRESIDENT: Mr. Wiley.

23 MR. WILEY: May it please the Tribunal, I
24 want to announce that I do not intend to or will not
25 cross-examine the witnesses, KAWAGOE and KANEYAMA.

1 KAWAGOE is document 2656, and KAMEYAMA is 2057.

2 MR. LEVIN: I next offer in evidence defense
3 document No. 2430. This is an excerpt from the KIDO
4 Dairy with reference to the action of Mr. KAYA request-
5 ing delay in making decisions at the Liaison Conference
6 in 1941.

7 THE PRESIDENT: Mr. Wiley.

8 MR. WILEY: The prosecution objects to this
9 document and will also do the same for the document
10 that follows for the reason that the evidence is
11 cumulative. The only purpose of same is, of course,
12 to substantiate or corroborate the testimony of the
13 previous witness as well as the testimony --
14

15 THE PRESIDENT: It is not worth wasting time
16 on an objection, is it?

17 MR. WILEY: The only thing is -- if that is
18 the attitude of the Court of course we will withdraw
19 it. The only thing we had in mind is the saving of
20 time.

21 THE PRESIDENT: The objection is overruled
22 and the document admitted on the usual terms.

23 CLERK OF THE COURT: Defense document No.
24 2430 will receive exhibit No. 3332.

25 (Whereupon, the document above
referred to was marked defense exhibit

No. 3332 and received in evidence.)

MR. LEVIN (Reading): "KIDO DIARY, November 2 (Sunday), Excerpt.

"At 8 a. m. Prince TAKAMATSU telephoned to inquire about the Japanese-American problems.

"At 8:15 the Premier telephoned to me stating that the Liaison Conference had adjourned as the Foreign Minister and the Finance Minister had requested for more time -- until 11 a. m. today -- to seriously consider the matter as it was of great importance, that the matter pending would be decided when their replies were received."

I offer in evidence defense document No. 615-A-1, being excerpts from MUTO Interrogatory of April 15, 1946. This shows that Mr. KAYA desired to continue the negotiation between Japan and the United States for peace without going to war.

THE PRESIDENT: Admitted on the usual terms.

CLERK OF THE COURT: Defense document No. 615-A-1 will receive exhibit No. 3333.

(Whereupon, the document above referred to was marked defense exhibit No. 3333 and received in evidence.)

1 MR. LEVIN: I read defense exhibit No. 3333.

2 "Excerpts from MUTO Interrogatory of April 15,
3 1946.

4 "Q During these Liaison Conferences in which
5 the above matters were mentioned subsequent to the Hull
6 Note, could you give me the names of those individuals
7 at the Liaison Conference that supported the view that
8 Japan must wage war with the United States and those
9 members who were against the waging of war with the
10 United States?

11 "A I cannot point out who were for war and
12 who were not at that time, but after the message was
13 received from the United States, the majority of the
14 Liaison Conference members became very pessimistic for
15 a peaceful outcome, but still I remember well that at
16 that conference the decision was that Japan should take
17 further steps to try to negotiate peace without going
18 to war.

19 "Q What was the name of the individual who
20 made that proposal?

21 "A The two I remember well, besides others,
22 were TOGO, the Foreign Minister, and KAYA, the Finance
23 Minister, who were strong to continue negotiations.

24 "Voluntary statement by General MUTO: When
25 you asked me this morning about who was particularly

1 interested in carrying on peaceful negotiations with
2 the United States, I gave you the names of TOGO and
3 KAYA; and I believe that they felt this way around
4 the time that the note from the United States was
5 handed to the Japanese Ambassador in Washington. How-
6 ever, as I think about it, the dates are wrong, and
7 these men were particularly interested in negotiations
8 around the end of October or the beginning of November
9 and not later, as I said this morning."

10 I offer in evidence the testimony of Takeo
11 KAWAGOE, by way of affidavit, defense document 2656.

12 THE PRESIDENT: Admitted on the usual terms.

13 CLERK OF THE COURT: Defense document No. 2656
14 will receive exhibit No. 3334.

15 (Whereupon, the document above
16 referred to was marked defense exhibit
17 No. 3334 and received in evidence.)

18 MR. LEVIN: I read the affidavit of the witness
19 Takeo KAWAGOE, defense document 2656, exhibit 3334,
20 omitting formal parts.

21 "1. I, Takeo KAWAGOE, entered into civil ser-
22 vice in the Ministry of Finance in 1910, worked in
23 the Accountants Bureau of the same ministry since 1918
24 and held the posts of Chief of the Budget Section and
25 Chief of the Budget-Drafting and Accounts-Settling

1 Section of the same bureau between 1924 and November
2 1932. Later I held the post of Chief of the Deposit
3 Department and that of Chief of the Bank Bureau of
4 the same ministry. I was a Vice-Minister of Finance
5 from March 1936 to February of the following year.
6 On this account I have good knowledge of such details
7 as what posts Mr. Okinori KAYA held in that ministry,
8 when he was in such posts, what scope of authority he
9 had in each of his posts during his service in the
10 Accountants Bureau of the Finance Office.

11 "2. Mr. KAYA worked in the Accountants Bureau
12 of the ministry since 1920 and in 1929 was appointed a
13 member of the Japanese delegation to the London Dis-
14 armament Conference, left Japan for London in December
15 the same year, and returned in May 1930.

16 "Just before his return to Japan, in March
17 1930, he was appointed Chief of the Accounting Section
18 of the Accountants Bureau of the Ministry of Finance,
19 and after his return, worked in that post until Novem-
20 ber 1932. The function assigned to the Chief of the
21 Accounting Section related to various financial laws
22 and regulations and to regulations of various pays
23 for government employees.

24 "At that time the officials of the Accountants
25 Bureau were respectively in charge of the scrutiny of

budgets presented by various government offices.

1 Mr. KAYA, who was then the Chief of the Accounting
2 Section of the same bureau, was concurrently entrusted
3 by me with the work of examining the budget of the
4 Ministry of Education. The man who was in charge of
5 examining the budgets of War and Naval Ministries was
6 at that time Mr. Shoji ARAKAWA. Consequently Mr. KAYA
7 had nothing to do with the drawing up of the budget
8 of War Ministry for the years 1931 and 1932.

9 "Side by side with the work of examining
10 the budget of Education Ministry, Mr. KAYA was parti-
11 cularly in charge of the budgetary affairs on items
12 to be readjusted as a consequence of the London Dis-
13 armament Agreement and on reductions of taxes made
14 possible by the said agreement. This was because of
15 the good knowledge he possessed about pertinent data
16 on the relation between the disarmament agreement
17 and the naval budget, as he was a member of the Japanese
18 delegation to attend the said conference. This, how-
19 ever, was only for the year 1930.

21 "3. Mr. KAYA was appointed Chief of the
22 Budget-Drafting and Accounts-Settling Section of the
23 Accountants Bureau in November 1932 and was promoted
24 to Chief of the Accountants Bureau in May 1934. Since
25 then until May 1936 when he was transferred to the

1 post of Chief of the Financial Bureau of the Finance
2 Ministry, he was continuously in charge of examination
3 of the budgets of all government offices including
4 military budgets of the War and the Naval Ministries.
5 The official in such a post who performs his duties
6 of examining the budgets does his work in accordance
7 with instructions of the Finance Minister as a sub-
8 ordinate to the minister, and it is a rule that under
9 the Japanese administrative system the subordinate
10 official is not held responsible to the outsiders for
11 his work done in conformity with his superior official's
12 orders.

13 "4. In those days around 1934 there was no
14 official title corresponding to the so-called 'chief
15 secretary' in English in the Ministry of Finance.

16 "5. Mr. KAYA was very faithful to his duties
17 and zealously endeavored to place the national finance
18 on a sound basis by preventing as far as possible the
19 increase of the budget, always following the policy
20 of the Finance Minister and other superiors, and
21 particularly used his utmost effort in restraining the
22 increase of the military expenditure as this was the
23 largest item. This is a fact of which people in the
24 Finance Office and outside are well aware.

25 "6. Besides his attendance to the London

1 Disarmament Conference Mr. KAYA attended also the Naval
2 Disarmament Conference held in Geneva in 1927 as a
3 member of the Japanese delegation. He contributed
4 his utmost share towards checking the increase of
5 armament expense and lightening the financial burden
6 on the nation through maintenance of international
7 peace and conclusion of disarmament treaties and aimed
8 at the successful conclusion of such a disarmament
9 pact as would limit to the minimum the armaments of
10 the powers attending the conference. How earnestly
11 he endeavored for such purposes is still vivid in my
12 memory."

13 We offer in evidence the testimony of
14 KAMEYAMA, Koichi, by way of defense document No. 2057.

15 THE PRESIDENT: Admitted on the usual terms.

16 CLERK OF THE COURT: Defense document
17 No. 2057 will receive exhibit No. 3335.

18 (Whereupon, the document above
19 referred to was marked defense exhibit
20 No. 3335 and received in evidence.)

21 MR. LEVIN: I read the affidavit of the witness
22 KAMEYAMA, Koichi, defense document No. 2057, exhibit
23 No. 3335, omitting formal parts.

24 "1. I, Koichi KAMEYAMA, am a graduate of the
25 Law Department of the Tokyo Imperial University in

1924 and immediately entered the Home Ministry. Among
1 other positions I held, Chief, Medical Affairs Section,
2 Sanitation Bureau; Governor, Fukushima Prefecture;
3 Chief, Sanitation Bureau, Welfare Ministry; Chief,
4 Labor Bureau, Welfare Ministry; Vice Welfare Minister;
5 Secretary of the Opium Committee from September 21,
6 1932 down to October 15, 1937. I retired from govern-
7 ment service in 1946.
8

9 "2. The Opium Committee was established by
10 the Opium Committee Organization regulations, Imperial
11 Ordinance No. 38, March 31, 1931. It was merely a con-
12 sultant organ. That is, the committee was under the
13 supervision of the Home Minister, and later the Welfare
14 Minister, and was authorized to investigate and con-
15 sider important matter relating to opium and narcotics
16 in response to the request of the ministries concerned.
17 It would also make recommendations to ministries con-
18 cerned about those matters. According to the organiza-
19 tion regulations the Home Minister and later the Welfare
20 Minister became the chairman of the committee while
21 its members, the total of which did not exceed 30,
22 were appointed by the cabinet on the recommendation
23 of the Home Minister and later the Welfare Minister
24 from among the high civil service officials of the
25 different government offices concerned. It was the

1 custom for the vice-minister of the respective ministries
2 concerned to sit on the committee. Accordingly, when
3 Mr. KAYA was appointed Vice-Minister of Finance on
4 February 2, 1937, he was thereupon appointed to the
5 Opium Committee on March 1, 1937.

6 "3. The principal objective of including the
7 Finance Ministry among the government officials con-
8 cerned and appointing the Vice Finance Minister to
9 the committee was to insure the cooperation of the
10 Customs House, which was under the control of the
11 Finance Ministry, in preventing smuggling trade in
12 opium and narcotics.

13 "On June 4, 1937 when Mr. KAYA became the
14 Finance Minister, Mr. Sataro ISHIWATA became the new
15 Vice-Minister and thereupon was appointed to the Opium
16 Committee. And though no government notice terminating
17 Mr. KAYA's membership on the committee was served upon
18 him, it was understood as a matter of course that
19 leaving the position of Vice-Minister his membership
20 on the committee automatically ended.

21 "4. The Opium Committee held its 9th session
22 at the Home Ministry on November 30, 1936 and its 10th
23 session at the Home Ministry's official residence on
24 June 15, 1937. Thus there was no session of the com-
25 mittee during Mr. KAYA's term of office as a member of

1 this committee, and there was no recommendation made
2 by the committee to the Home Minister during this
3 period of time."

4 THE PRESIDENT: Is there any objection to
5 the next document? If not, we will take it before
6 lunch.

7 MR. WILEY: May it please the Tribunal,
8 there will be no objection to the next document.

9 MR. LEVIN: Shall I begin now, Mr. President?

10 THE PRESIDENT: Yes, we will have time.

11 MR. LEVIN: I offer in evidence defense docu-
12 ment No. 626-A(9), excerpts from the interrogation of
13 TOJO, Hideki.

14 THE PRESIDENT: Admitted on the usual terms.

15 CLERK OF THE COURT: Defense document No.
16 626-A(9) will receive exhibit No. 3336.

17 (Whereupon, the document above
18 referred to was marked defense exhibit
19 No. 3336 and received in evidence.)

20 THE PRESIDENT: It is very lengthy and may
21 be read after lunch. We will adjourn, now, until
22 half-past one.

23 (Whereupon, at 1200, a recess was
24 taken.)

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AFTERNOON SESSION

1 The Tribunal met, pursuant to recess, at 1330.

2 MARSHAL OF THE COURT: The International
3 Military Tribunal for the Far East is now resumed.

4 THE PRESIDENT: Mr. Levin.

5 MR. LEVIN: Mr. President, I proceed to read
6 exhibit 3336:

7 "EXCERPTS FROM THE INTERROGATION OF TOJO

8 HIDEKI

9 "7 February 1946

10 "A. ...Under the Japanese Constitution, the
11 Army Chief of Staff and the Navy Chief of Staff are
12 responsible solely to the Emperor in matters of strat-
13 egy and evaluation of the probable advantages and dis-
14 advantages (yoshiashi) of warfare. The Ministers of
15 State, that is to say, the Premier and the Cabinet
16 Members, are responsible to the Emperor for other
17 governmental functions. The Ministers of State have
18 no right to interfere with the conduct of military
19 affairs nor have the Chiefs of Staff the right to
20 interfere in civil matters.

21 "Q. Then you mean that it is the respons-
22 ibility of the Chiefs of Staff to advise the Emperor
23 on the probable beneficial or ill-effects of war?

1 "A. Yes. This is an important point about
2 the prerogative of the command. In America it is a
3 function of the civil government. In Japan, you might
4 say that the two spheres of military command and civil
5 government over-lap. Matters of purely military im-
6 portance are no function of the civil government,
7 matters of purely civil importance are no function of
8 the military command. However, the over-lapping area,
9 which includes such matters as foreign policy and
10 decisions to go to war for example, presents problems
11 which in practice are taken up by the Liaison Confer-
12 ence (Renraku Kaigi). For example, the strategic war
13 plans are a matter of pure strategy and were not known
14 to the Cabinet members. I did not even know them my-
15 self.

16
17 "Q. You mean that as Premier you did not
18 even know what the war plan was?

19 "A. In my character as Premier, I did not.
20 I was also a member of Imperial Headquarters and a War
21 Councillor (Iaku ni sankaku). In these latter two
22 capacities, I received military reports of operations
23 plans. These were forwarded by the Chief of Staff.
24 Incidentally, by the war plan, which I referred to a
25 moment ago, I mean Army war plan. I did not know any-
thing about the Navy war plan. However, the fact that

1 I received reports did not mean that I had the right
2 to interfere or participate in matters involving
3 command. These were the sole prerogative of the Chief
4 of Staff.

5 "13 March 1946

6 "A. ...This whole matter of the actual system
7 in Japan is basic to the understanding of such things
8 as the China Incident and the matters in southern Indo-
9 China that we have talked about. At the first, the
10 government policy in regard to the China Incident was
11 that of localization. However, due to the fact of the
12 independence of the High Command, the fighting kept
13 spreading as they strove for victory. Premier KONOYE
14 had a terrible time.

15 "...The responsibility of the Premier and the
16 Foreign, War, and Navy Ministers, and the President of
17 the Planning Board, together with the Chiefs of Staff,
18 for advice to the Emperor, through the instrumentality
19 of the Liaison Conferences and Imperial Conferences,
20 was of tremendous importance. To return to the China
21 Incident, for example -- the Government policy was a
22 policy of non-enlargement of the Incident; nevertheless,
23 because of the fact that the civil government had no
24 authority over the Supreme Command, the fighting was,
25 in fact, enlarged and the civil government was powerless

1 to prevent it."

2 I shall not read the next four lines as they
3 have no bearing on the evidence.

4 "Q. You said yesterday that the civil govern-
5 ment could not control the Supreme Command and gave as
6 examples the China Incident and the situation in
7 southern Indo-China. Would you explain how this worked
8 in regard to southern Indo-China in 1941?

9 "A. Well, on the one hand, the Japanese-
10 American negotiations were under way. On the other
11 hand, Imperial Headquarters kept moving troops and
12 supplies from Formosa by ship to southern China and
13 into northern Indo-China in order to win. This was
14 something which could give rise to misunderstandings,
15 but, because the movement of troops and military
16 supplies was the sole province of the Supreme Command,
17 the civil government could say nothing. It was a
18 different situation with regard to southern Indo-China.
19 There, the troops were moved in on a basis of the joint
20 defense agreement: since this involved the civil
21 government, it could not be done by the Supreme Com-
22 mand alone. However, troops could be moved from
23 central China into south China and even into the north
24 part of French Indo-China at that time under the proper
25 authority and at the convenience of the Supreme Command.

1 This, of course, refers to the Army; a similar situ-
2 ation existed with regard to the Navy.

3 "19 March 1946

4 "A. ...However, you may say that these four
5 steps, to wit: the "Four-" and "Five-Minister" Con-
6 ferences, the Liaison Conferences, the Conference for
7 the Supreme Direction of the War, and the Imperial
8 Headquarters Conferences, attended by the Premier,
9 were four stages of the attempt to solve this problem
10 of the over-lapping spheres of authority. With regard
11 to the over-lapping spheres, there was a certain amount
12 of success, but the political forces, that is to say,
13 the political power, of the Cabinet, could not control
14 the pure command sphere of authority of the Supreme
15 Command.

16
17 "I am not saying that the independence of
18 the Supreme Command is a bad thing. There are some
19 good points about it too, for example, being able to
20 conduct operations without political interference. It
21 was a good thing in 1890, when the Constitution was
22 established, for the High Command to be untrammelled,
23 but in these days where the influence of a single action
24 is felt around the world, a certain amount of control
25 by the political authority is necessary. However, under
the Japanese system, it was impossible. /The preceding

1 portion of this answer was read back to the witness
2 who agreed as to its correctness.⁷

3 "There is one important point that I would
4 like to make clear. I have been talking about diffi-
5 cult problems of the Japanese Government system and
6 of the independence of the Supreme Command. However,
7 the foreign problems arising from the actions of the
8 Supreme Command, I am responsible for.

9 "Q. So that the independence of the Supreme
10 Command was good from a military standpoint but not
11 good from a political or civil standpoint.

12 "A. The independence of the Supreme Command
13 is good from a military point of view only if fighting
14 were the only thing to be considered, but fighting
15 today is also a part of politics. From the political
16 point of view, under modern conditions, the independence
17 of the Supreme Command requires consideration. I
18 believe that under modern conditions, war is a part of
19 politics -- they are not separate any more.

20 "Q. Do you not realize that the position in
21 which Japan finds herself today was due largely to the
22 independence of the Supreme Command?

23 "A. To speak plainly, it was a big cause...."

24 I call KAYA, Okinori, as a witness on his own
25 behalf. I offer defense document No. 2642. I desire

1 to state that it is not our intention to use defense
2 document No. 2654, which is No. 27 and follows on our
3 order of proof, because I have come to the conclusion
4 that it is somewhat repetitive.

5 - - -

6 O K I N O R I K A Y A, an accused, being first duly
7 sworn, testified through Japanese interpreters as
8 follows:

9 DIRECT EXAMINATION

10 BY MR. LEVIN:

11 Q Will you please state your name?

12 A KAYA, Okinori.

13 Q And, you are one of the accused in this case?

14 A Yes, I am.

15 MR. LEVIN: Will Captain Van Meter kindly
16 hand the witness defense document No. 2642?

17 (Whereupon, a document was handed
18 to the witness.)

19 Q Will you state whether your name and seal
20 appear on this document?

21 A Yes, they appear.

22 Q Are the contents of this document true and
23 correct?

24 A I have discovered one mistake. This is para-
25 graph G under the numbered paragraph 5. Apparently,

1 this mistake is only to be found in a misprint in the
2 Japanese copy.

3 Q Well, will you state what this is, so the
4 Japanese can correct it?

5 THE MONITOR: Mr. Levin, the witness himself
6 made the correction in Japanese.

7 MR. LEVIN: I offer in evidence defense docu-
8 ment No. 2642, the affidavit of the defendant KAYA,
9 Okinori, who will testify in his own behalf.

10 THE PRESIDENT: Admitted on the usual terms.

11 CLERK OF THE COURT: Defense document No.
12 2642 will receive exhibit No. 3337.

13 (Whereupon, the document above
14 referred to was marked defense exhibit
15 No. 3337 and received in evidence.)

16 MR. LEVIN: I proceed to read defense docu-
17 ment No. 2642, being the testimony of the witness
18 KAYA, Okinori, in his own behalf, exhibit No. 3337.
19 I omit the formal parts:

20 "(1) - I was born on January 30, 1889, in the
21 City of Hiroshima, Hiroshima Prefecture, coming from
22 a middle class family. After graduating from the First
23 Higher School in 1911, I entered the Political Science
24 Department of the Tokyo Imperial University and grad-
25 uated in March 1917.

1 "Immediately after graduation I entered the
2 Finance Ministry as an employee. I took and passed
3 the higher civil service examination and thereafter
4 received promotions continuously under the Civil Ser-
5 vice.

6 "In September 1918, I was sent to the United
7 States as secretary to the Japanese Financial Commis-
8 sioner in New York City. In November 1919 I was
9 ordered to Europe and returned to Japan in March 1920
10 to a post in the Accounts Bureau of the Finance Mini-
11 stry. In 1927, I was sent to the Geneva Disarmament
12 Conference and in January 1928 was appointed acting
13 secretary to the then Finance Minister MITSUCHI. In
14 November 1929, I was ordered to attend the London
15 Naval Conference as an attendant to the Plenipotentiary.
16 In March 1930 I was appointed secretary to the Finance
17 Minister and Section Chief of the Accounts Bureau. I
18 returned to Japan in May 1930. In November 1932 I
19 was appointed Chief of the Budget and Settlement Sec-
20 tion and in May 1934, Chief of the Accounts Bureau. I
21 was appointed Chief of the Finance Bureau in May 1936
22 and Vice-Minister of Finance on February 2, 1937. On
23 June 4, 1937 I was appointed Minister of Finance, which
24 post I held until May 26, 1938, when I resigned. In
25 August 1939, I was appointed President of the North

1 China Development Company, which post I resigned on
2 October 18, 1941 to become Finance Minister. I resigned
3 as Finance Minister on February 19, 1944.

4 "(2) - As the above mentioned record indicates,
5 except for a period of about two years which I served
6 as President of the North China Development Company,
7 I devoted my entire career as an official of the
8 Finance Ministry and was wholly occupied with matters
9 of financial administration. The goal of my endeavor
10 was the maintenance of a healthy national finance.

11 "I had no connection whatsoever with the so-
12 called rightist or leftist or military clique, nor was
13 I a member of any political party. For a short period
14 after August 1944, I joined the Imperial Rule Political
15 Assistance Association, an organization composed chiefly
16 of members of both houses of the Diet, but I do not
17 know whether that association could be termed a
18 political party.

19 "In the Finance Ministry, a great part of my
20 time was spent in the study and evaluation of military
21 budgets and other civil budgets, and during this period,
22 I constantly endeavored to slash military budgets and
23 prevent them from increasing. The prevailing conditions
24 at the time made this task extremely difficult, but I
25 believe I succeeded in no small degree in suppressing

1 China Development Company, which post I resigned on
2 October 18, 1941 to become Finance Minister. I resigned
3 as Finance Minister on February 19, 1944.

4 "(2) - As the above mentioned record indicates,
5 except for a period of about two years which I served
6 as President of the North China Development Company,
7 I devoted my entire career as an official of the
8 Finance Ministry and was wholly occupied with matters
9 of financial administration. The goal of my endeavor
10 was the maintenance of a healthy national finance.

11 "I had no connection whatsoever with the so-
12 called rightist or leftist or military clique, nor was
13 I a member of any political party. For a short period
14 after August 1944, I joined the Imperial Rule Political
15 Assistance Association, an organization composed chiefly
16 of members of both houses of the Diet, but I do not
17 know whether that association could be termed a
18 political party.

19 "In the Finance Ministry, a great part of my
20 time was spent in the study and evaluation of military
21 budgets and other civil budgets, and during this period,
22 I constantly endeavored to slash military budgets and
23 prevent them from increasing. The prevailing conditions
24 at the time made this task extremely difficult, but I
25 believe I succeeded in no small degree in suppressing

1 the growth of military budgets.

2 "I attended the Geneva and London Naval Dis-
3 armament Conferences as a member of the Japanese dele-
4 gations and exerted myself toward the successful cul-
5 mination of the disarmament treaties.

6 "My effort to suppress the military budgets
7 and successfully conclude the disarmament conferences
8 were due to the instruction of my superior officials
9 and to my personal desire to maintain a healthy
10 national finance and thus lessen the burdens of the
11 people and a strong hope for the maintenance of peace.

12 time thereafter, I was nothing more than a Section Chief
13 in the Finance Ministry and had no connection with the
14 Incident whatsoever. From December 1928 to November
15 1932, I was not even concerned with military budgets.
16 Prior to December 1928 and after November 1932, I was
17 concerned with the study and evaluation of military
18 budgets and during this period exerted my efforts
19 toward reducing them. The demand for military budgets
20 increased greatly after November 1932. I vehemently
21 opposed the increased demands and fought to the best
22 of my ability to keep them down.

23 "I wish to state that I had no connection what-
24 soever with any kind of preparation for an aggression
25 against the French Indo-China or against the Soviet

1 "(3) I am charged with Counts 1 to 5 of
2 the Indictment. Even if the conspiracy and planning
3 of war of aggression as mentioned in these Counts did
4 take place I was not party to them and had no connection
5 whatsoever.

6 "I am charged with all the Counts from 6 to
7 36, except for Counts 18, 23, 25, 26, 33, 35 and 36.
8 Of the Counts I am charged with, with reference to
9 those concerning the Manchurian Incident, I wish to
10 state, as my personal record indicates, that prior to
11 the outbreak of the Manchurian Incident and for some
12 time thereafter, I was nothing more than a Section Chief
13 in the Finance Ministry and had no connection with the
14 Incident whatsoever. From December 1929 to November
15 1932, I was not even concerned with military budgets.
16 Prior to December 1929 and after November 1932, I was
17 concerned with the study and evaluation of military
18 budgets and during this period exerted my efforts
19 toward reducing them. The demands for military budgets
20 increased greatly after November 1932. I vehemently
21 opposed the increased demands and fought to the best
22 of my ability to keep them down.

23 "I wish to state that I had no connection what-
24 soever with any plan or preparation for an aggression
25 against the French Indo-China or against the Soviet

Russia.

1 "During the period from May 26, 1938 to
2 October 18, 1941, I had no connection with the Cabinet
3 nor was I an official of the Japanese Government, and
4 I had no connection whatsoever with the Tripartite
5 Pact with Germany and Italy, concluded in 1940.

6 "(4) I became Minister of Finance on June
7 4, 1937. I knew nothing about Lukouchiao Incident
8 before its outbreak. The Cabinet made no plans or
9 preparation for the Incident. I learned about it for
10 the first time after the outbreak of the Incident and
11 the report was that hostility between the Chinese and
12 the Japanese broke out due to illegal attack by the
13 Chinese. The Cabinet, of which I was a member, decided
14 on a policy to regard the Incident as a local Incident
15 and to settle it on the spot as soon as possible. It
16 was against the sending of troops from Japan, but if
17 that became inevitable to limit the troops to a small
18 number. The sending of troops or the increase in
19 troops was due to the Army report that continued illegal
20 attacks on the part of the Chinese troops and to the
21 massing of their forces in the area so when the Army
22 requested for increase in troops in order to protect
23 the lives and interests of Japanese in that area, the
24 Cabinet could not help but give its assent. The
25

1 Cabinet's motive in assenting to the requests for
2 sending troops by the Army was to protect the small
3 Japanese force stationed there in accordance to treaty.

4 "I opposed especially the dispatching of
5 troops to Shanghai for I believed it would spread the
6 Incident wider. I asked for reconsideration, but my
7 request came to no avail, for the other Cabinet members
8 thought the dispatching of troops was necessary in order
9 to protect Japanese interests. However, on every
10 occasion I tried my best to limit the budgets required
11 for the dispatching of troops.

12 "The Cabinet of which I was a member was
13 staunch on its policy to refrain from infringing upon
14 the rights of Third Powers.

15 "(4-b) We, civil members of the Cabinet, were
16 not informed beforehand nor consulted about the various
17 plans for battles. It was with the greatest anxiety
18 that we viewed the spread of the hostilities to a
19 wider and wider area.

20 "Regarding the Nanking attack, we civilian
21 members of the Cabinet, were not consulted about the
22 attack.

23 "We received no report about the alleged acts
24 of atrocity at Nanking and other places, nor read
25 anything about such acts in the press. I did not know

that such acts had been committed.

1 "(4-c) I resigned as Finance Minister in
2 May 1938, long before the spread of the hostilities to
3 Hankow in Central China and Canton in Southern China.
4 My resignation was requested by Premier KONOYE and I
5 was happy to be relieved for I had been hoping for an
6 opportunity to do so.

7 "(4-d) The arbitrary confiscations of Chinese
8 enterprises, etc., in North China were made by the
9 military for operation purposes and the Japanese Cabinet
10 had no connection with such acts whatsoever.

11 "(4-e) The prosecution has charged that
12 during the period I was Vice-Minister of Finance from
13 February to June 1937, the Five Year Plan for Steel
14 and the Third Plan for North China were adopted by the
15 Japanese Government; however, I know nothing about such
16 plans.

17 "The prosecution has charged that during the
18 period I was Finance Minister from June 1937 to May of
19 the following year, the Army Five Year Plan for Heavy
20 Industries was adopted for preparation of a future war.
21 The Cabinet did not adopt any such plan. I did not
22 know such a plan actually existed or not and I could
23 not have been a party to it.

24 "From the time prior to my becoming Finance.
25

1 Minister, the financial circle of the country was in
2 a state of uncertainty and I felt the difficult
3 responsibility when I assumed the post of Finance
4 Minister. The sudden outbreak of the China Incident
5 only increased the unrest among the economic and
6 financial circles thereby multiplying the burden placed
7 on my shoulders. During the one year I was Finance
8 Minister, there was no room for any preparation for a
9 future war. I was occupied with the difficult task
10 before me and I did not even dream about a preparation
11 for a future war. The Cabinet had its hands full with
12 the China Incident and did not think about going into
13 another war.

14 "(5-a) I was President of the North China
15 Development Company from August 1939 to October 1941
16 and shall testify chiefly about the Company during the
17 period I was its president.

18 "The North China Development Company was
19 established in November 1938 in conformity to the Law
20 for the Establishment of the North China Development
21 Company and its purpose and object were defined by laws,
22 passed by the Diet. It aimed to bring about economic
23 cooperation between China and Japan for mutual benefit
24 of both countries. It was not established for the
25 purpose of infringing upon the economic interests of

KAYA

DIRECT

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1 in Sino-Japanese Joint Stock Companies and other
2 Japanese companies besides the North China Development
3 Company also made investments in these companies. The
4 North China Development Company did not exercise a
5 monopoly over the investments.
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1 third powers. On the contrary, it desired the
2 participation of third power capital in the economic
3 development of North China. The Company did not
4 infringe upon the rights of the Chinese people nor
5 made any preparation with aim toward war, nor received
6 any instruction from the Japan Cabinet to that effect.

7 "(5-b) The Company was not permitted to engage
8 in any industry. It served as a financial organ and
9 its activity was confined to making investments and
10 loans. It did not have the power to mobilize the
11 material wealth of North China, nor was it engaged in
12 such work.

13 "In making loans or investments, the Company
14 was limited by law in scope, that is, it was permitted
15 to make investments or loans only in such industries
16 as mining, transportation, communications, electricity,
17 salt manufacturing, in certain small manufacturing
18 enterprises and in the wholesale of coal. It was
19 concerned only with a limited number of companies in
20 the field in which it was permitted to make loans or
21 investments. It was not concerned with the spinning
22 industry, tobacco and milling industries, which were
23 active in North China, nor in general trade, agriculture,
24 banking and insurance business.

25 "Investments and loans were generally made

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"(5-c) - The Company did not have any arbitrary rights. It had no more power than any other ordinary company. It aimed to adjust the economic activities of North China, but it was not given any power to control the economy of North China. Loans and investments were subject to contracts under which the company obtaining the financial aid was required to obtain the approval of the North China Development Company in certain prescribed matters in order to avoid over-investment or unwarranted expansion and thus endeavored to bring about a sound and orderly development of the economy of North China. The Company had no rights over any industry except those in which it had financial interest and even then the rights were limited to those prescribed in the contracts.

"(5-d) - All major acts of the Company, including the granting of approval to its affiliated companies, were made at the instruction and approval of the China Affairs Board. The Company was prohibited from taking any action on its own.

"(5-e) - The Company's accounts were mostly in the red and subsidies from the Japanese Government were required to pay private stockholders dividends of not more than six (6) percent per annum. Most of the affiliated companies were in the red or made very little profits. In the payment of dividends the Japanese

1 stockholders were not given special favors.

2 "(5-f) - All funds the Company invested in
3 North China were raised in Japan. The Company did not
4 receive any property nor special rights from the North
5 China Political Council, nor did the Company grant any
6 monopolistic right to anyone. It had no power to do so.

7 "The investments and loans handled by the Com-
8 pany were not large. Compared to those in Japan Proper
9 and Manchuria during the same period, they were very
10 small.

11 "(5-g) - The Company did not receive any in-
12 structions from the Japanese Government nor on its own
13 free will attempted to expand the production of its
14 affiliated companies with 1941 or thereabout as the goal.
15 While the production of the affiliated companies in-
16 creased from time to time, the Company looked forward
17 towards long-ranged development of the industries. The
18 Company endeavored toward a solid expansion of the in-
19 dustries it was concerned with. The Tatung Coal Mines,
20 for instance, was expanded on a well-planned program,
21 and after my resignation as president of the North China
22 Development Company this coal mine was producing ten
23 thousand tons of coal per day.

24 "(5-h) - I thought of many plans for the wel-
25 fare of the people in the area, but I was not able to

1 carry out my plans due to disorder caused by the fight-
2 ing in the area and because Japan was not in a position
3 to help us materially. However, I was able to carry
4 out one plan which did help the people.

5 "In early 1940, the Peiping-Tientsin area was
6 swept by a famine which threatened the whole area. I
7 was told that importation of twenty million yen worth of
8 wheat flour was necessary to tide over the crisis, but
9 the Government of North China - the North China Political
10 Council - did not have the necessary foreign funds to buy
11 the flour with. I, therefore, negotiated with the Jap-
12 anese Government for twenty million yen in foreign funds
13 with which to buy the flour. The Japanese Government
14 at that time was hard pressed for foreign money, but I
15 managed to obtain the understanding of the Vice-Minister
16 of Finance OHNO, who promised to extend us as much help
17 as was possible. I next negotiated with the then Min-
18 ister of Communications KATSU for bottoms to transport
19 the flour. Bottoms, likewise, were short in Japan at
20 that time, but I succeeded in obtaining some and thus
21 succeeded in importing into North China a considerable
22 quantity of flour which helped to tie over the famine.

23 "(6-a) - In the year 1941, rumors to the
24 effect that Japanese-American relations were getting
25 worse with the passing of the days grew in intensity.

1 As I had harbored a sincere hope for the maintenance of
2 peace between Japan and the United States, it made me
3 feel bad to hear such rumors. However, I did not know
4 anything about the contents of the negotiations, nor did
5 I know anything about the policies decided on by the
6 Japanese Government.

7 "(6-b) - On the night of October 17, 1941,
8 TOJO requested me over the telephone to join his Cabin-
9 et as Finance Minister. Before giving my reply, I re-
10 quested for an interview and called on TOJO at the offi-
11 cial residence of the War Minister that same night. At
12 the interview, we exchanged conversations to the follow-
13 ing purport:

14 "(1) - To my query as to whether he (TOJO)
15 was decided on waging war against the United States, he
16 replied in the negative and stated he intended to con-
17 tinue with the Japanese-American negotiations and exert
18 his efforts toward an amicable settlement.

19 "(2) - I next stated to him that there was
20 rumor to the effect that the Supreme Command and the
21 Cabinet did not always cooperate, that unless these two
22 organs reach a more closer relationship there would be
23 a stumbling block in the negotiations for a successful
24 settlement of the negotiations, and asked him whether he
25 intended to do something to close the gap. He replied

1 that he fully understood my deep concern and that he
2 would work toward a more closer relationship.

3 "(3) - I told him there was a tendency to
4 adopt reform policies based on the so-called ideology,
5 that we should forget the ideology and adopt policies
6 in keeping with the time and needs of the country. I
7 asked his opinion on this matter and his reply was he
8 felt the same as I did.

9 "I was quite satisfied with the interview, but
10 I left his residence without giving my reply. The
11 public rumor at that time was that the Army was es-
12 pecially pronounced in its attitude towards the United
13 States and I was greatly relieved to learn that TOJO
14 planned to continue with the negotiations and try to
15 settle the disputes amicably. The second point had an
16 important connection in the maintenance of peace and the
17 third point was an assurance that dangerous policies,
18 both domestic and foreign, were to be avoided. I felt
19 that I should join the Cabinet and do what I could to
20 help steer the State to a peaceful landing. Late that
21 same night TOJO telephoned for my reply, so I consented
22 to join his Cabinet.

23
24 "(6-c) - Before joining the Cabinet, I had no
25 relations with TOJO. If I remember correctly, I met him
only once. Even after I joined the Cabinet, our contacts

1 were solely official. We had no social relationship.

2 "(6-d) - After joining the TOJO Cabinet, I
3 did everything within my power to avoid war. I realized
4 the goal of my efforts should be the successful culmina-
5 tion of the negotiations. However, the prevailing
6 circumstances of the time were mostly against the suc-
7 cessful settlement of the negotiations and I realized
8 the necessity of working towards the prevention of war
9 even if the negotiations could not reach settlement.

10 There were two causes for a possible war:

11 "The first was the military pressure of the
12 Allied Powers and the second was the economic pressure
13 by these powers.

14 "The embargo on vital materials placed on
15 Japan by the Allied Powers was a big blow to Japan. Of
16 all the imported materials, oil was the most critical
17 problem. Japan produced hardly any oil and without im-
18 ported oil she could not maintain her national defense.
19 I felt that even if the import of oil from the United
20 States and the Dutch East Indies should not be renewed
21 due to the failure of the negotiations, if some other
22 source of oil could be found, it would be a big factor
23 in the prevention of war. I, therefore, suggested a plan
24 for the manufacture of synthetic oil and a plan to buy
25 oil from nearby North Karafuto and if necessary and if

1 possible buy North Karafuto. I fully realized the diffi-
2 culty of my plans, but I felt we must do everything
3 possible to avoid a war with the United States. My
4 plans, however, were turned down as being impractical.

5 "I also recollect that of the conditions in
6 the negotiations, I was in favor of equal trade oppor-
7 tunity not only in the Western Pacific, but in all the
8 Pacific area.

9 "(6-e) - At the Liaison Conference of November
10 1, 1941, various important problems were discussed.
11 Proposal to commence war immediately was brought up,
12 but this proposal did not meet with favor. For the
13 settlement of the Japanese-American negotiations, the
14 'Ko' and the 'Otsu' plans were discussed. The conference
15 was unanimous in the opinion that Japan should give in
16 as much as possible in order to settle the disputes.
17 The proposal by the Supreme Command, however, plunged
18 the conference into an extreme difficulty. The proposal
19 of the Supreme Command was: 'If by the end of November
20 the negotiations did not show a possibility of a settle-
21 ment, we should be ready to decide on war and with that
22 in mind there is need of commencing preparations now.'
23 'Japan faces a crisis' stated the Supreme Command in
24 support of its proposal, 'due to the military and economic
25 pressures by the Allied Powers. If the negotiations

1 remain unsettled and we drift along as we are, the de-
2 fensive power of Japan in the Western Pacific in com-
3 parison with that of the Allied Powers will day by day
4 decline. We will reach a critical point if we go along
5 as we are until after December. If we are then attacked
6 or there arises a necessity of waging a war in self-
7 defense Japan will be so weak by then that the Supreme
8 Command will not be able to accept the responsibility of
9 national defense. We must make up our minds to decide
10 on war before the opportune moment is lost and with that
11 in mind we should decide on a preparation for war.'

12 "According to the above proposal, failure of
13 the negotiations meant war. Discussions dragged on
14 until after midnight on such points as whether it was
15 not possible to go on without going to war even if the
16 negotiations remain unsettled and whether or not waging
17 a war meant extreme danger to Japan. As for me, it was
18 my desire to go along as it was without war, even if the
19 negotiations remained unsettled, but there was no way of
20 bringing this about.

21 "The Supreme Command was responsible for nation-
22 al defense and it was not possible to just oppose its
23 proposal."

24 I should read in there an addition: "The
25 Supreme Command was responsible for national defense,

1 and when the Supreme Command said it could not take the
2 responsibility for national defense, it was just possible
3 to oppose its proposal. However, to give assent to the
4 proposal meant making the possibility of war that much
5 greater. I was in an extremely difficult position. I
6 fully realized what suffering war would mean, that we
7 should try to avoid it if at all possible.

8 "My first trip to Europe was made a year and
9 several months after the Armistice, of the First World
10 War, but I became fully aware of the horrors of war.
11 The horrors of war were especially visible in the defeat-
12 ed countries, but for the people and the governments of
13 the countries which won the war there was also suffering.
14 I saw the battlefield and the wide devastations and the
15 horrors of war sank into my bones. The China Incident
16 had been going on for a long time and the people were
17 feeling the effect of it. Needless to say, if a war
18 against the United States should break out it would great-
19 ly add to the sufferings of the people.
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1 "The Supreme Command insisted that there was
2 a chance for victory if war was started at an oppor-
3 tune time; however, the Navy Branch of the Supreme
4 Command had predicted that should the war drag on for
5 over two years the outcome would be uncertain. There
6 was the possibility that the war might drag on for a
7 long period and should Japan lose after a protracted
8 war she would suffer more than if she did not go to
9 war at all, even if the war was a defensive war. For
10 the above reason, I felt I could not then and there
11 give my assent to the Supreme Command's proposal and
12 insisted we should give the matter further considera-
13 tion. The Supreme Command replied that the matter
14 called for immediate decision, otherwise it could not
15 assume responsibility for national defense. I argued
16 strongly against making an immediate decision and was
17 finally given an opportunity to consider the matter
18 for another day. TOGO also made the same reservation.

20 "Returning home from the Liaison Conference,
21 I spent a restless night pondering over the matter.
22 A decision on the pending proposal was not a decision
23 to wage war, but it meant war would be highly probable
24 if the Japanese-American negotiations were not settled
25 by the end of November and I wanted to avoid war if
at all possible. Thinking over the matter, however,

1 might be a way of continuing the negotiations even
2 by altering the terms of the 'Ko' or the 'Otsu' plans,
3 but the Hull Note indicated that settlement was not
4 possible. In view of the conditions, a decision to
5 wage war in self defense was inevitable.

6 "Japan was embarking on a perilous war,
7 whether good or bad. If the Finance Minister had re-
8 signed, the effect to the general public would have
9 been extremely great. The public would have inter-
10 preted the resignation to mean that financially and
11 economically, Japan was not in a position to fight the
12 war successfully, that the Finance Minister resigned
13 because he felt the burden too great for the nation
14 to bear. When it comes to national finance, the feel-
15 ing of the people is especially important. If the
16 people are made to lose confidence it will breed a
17 feeling of uncertainty and thus might become a cause
18 for defeat. I was against the war, but I could not
19 think of increasing the dangers that Japan faced. I
20 felt it my duty to carry out my responsibility.

21 "(6-g) - The decision to wage war was decided
22 at the Imperial Conference of December 1, 1941, but
23 hope that the war might be averted, though dim, was
24 not given up. I pressed and obtained at the Liaison
25 Conference the Supreme Command's agreement that war

1 "The Supreme Command insisted that there was
2 a chance for victory if war was started at an oppor-
3 tune time; however, the Navy Branch of the Supreme
4 Command had predicted that should the war drag on for
5 over two years the outcome would be uncertain. There
6 was the possibility that the war might drag on for a
7 long period and should Japan lose after a protracted
8 war she would suffer more than if she did not go to
9 war at all, even if the war was a defensive war. For
10 the above reason, I felt I could not then and there
11 give my assent to the Supreme Command's proposal and
12 insisted we should give the matter further considera-
13 tion. The Supreme Command replied that the matter
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15 assume responsibility for national defense. I argued
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21 I spent a restless night pondering over the matter.
22 A decision on the pending proposal was not a decision
23 to wage war, but it meant war would be highly probable
24 if the Japanese-American negotiations were not settled
25 by the end of November and I wanted to avoid war if
at all possible. Thinking over the matter, however,

1 I came to the conclusion, regardless of whether the
2 issue in question was good or bad, circumstance did
3 not permit me to stop it. If I opposed it, there was
4 nothing I could do except to resign. I felt that if
5 I resigned, the effect, both at home and abroad, would
6 be unfavorable towards the settlement of the Japanese-
7 American negotiations and thus aggravate the possi-
8 bility of a war between the United States and Japan.
9 That much was clear.

10 "Next morning TOJO telephoned me twice for my
11 reply. I believed that further delay on my part
12 would only aggravate the pending issue so I replied
13 that I was not opposed to the proposal before the con-
14 ference yesterday, but sincerely hoped for an amicable
15 settlement of the negotiations.

16 "(6-f) - The Hull Note of November 26 was a
17 big blow to all. Japan could not accept the terms and
18 the Foreign Minister explained there was little room
19 for reconsideration on the part of the United States.
20 The question at issue was whether to commence hostil-
21 ities or drift along with the disputes unsettled.
22 The Supreme Command was of the opinion that it could
23 not accept responsibility for national defense if
24 hostilities were not commenced at once. If the United
25 States showed the least compromising attitude, there

1 might be a way of continuing the negotiations even
2 by altering the terms of the 'Ko' or the 'Otsu' plans,
3 but the Hull Note indicated that settlement was not
4 possible. In view of the conditions, a decision to
5 wage war in self defense was inevitable.

6 "Japan was embarking on a perilous war,
7 whether good or bad. If the Finance Minister had re-
8 signed, the effect to the general public would have
9 been extremely great. The public would have inter-
10 preted the resignation to mean that financially and
11 economically, Japan was not in a position to fight the
12 war successfully, that the Finance Minister resigned
13 because he felt the burden too great for the nation
14 to bear. When it comes to national finance, the feel-
15 ing of the people is especially important. If the
16 people are made to lose confidence it will breed a
17 feeling of uncertainty and thus might become a cause
18 for defeat. I was against the war, but I could not
19 think of increasing the dangers that Japan faced. I
20 felt it my duty to carry out my responsibility.

21 "(6-g) - The decision to wage war was decided
22 at the Imperial Conference of December 1, 1941, but
23 hope that the war might be averted, though dim, was
24 not given up. I pressed and obtained at the Liaison
25 Conference the Supreme Command's agreement that war

1 plans would be cancelled even after the outbreak of
2 skirmishes if the negotiations reached a point where
3 settlement was possible.

4 "(6-h) - I do not recall that the reply to
5 the Hull Note of November 26 was ever discussed at any
6 of the meetings I attended, Liaison or Cabinet. I was
7 of the opinion the matter was competently handled by
8 the responsible officials. The prosecution has charged
9 that a declaration of war was discussed at the Privy
10 Council meeting of December 8, 1941. A declaration of
11 war was discussed at that meeting, but it was an
12 Imperial Rescript on the declaration of war addressed
13 to the Japanese people.

14 "(6-i) - War operation plans were never dis-
15 cussed at the Liaison Conferences or at the Cabinet
16 meetings. I was not consulted about the Pearl Harbor
17 attack or any other attack, nor was I ever informed
18 about such attacks beforehand.

19
20 "(7a) - I shall next reply to the other counts:
21 37 to 46, 51, 52 and 53.

22 "It was my sincere desire to avoid war and I
23 did everything in my power to do so, but the condi-
24 tions against me were too strong. My assent for war
25 was inevitable. However, I firmly believed we were
fighting a war in self defense and for our very

1 existence.

2 "As to the attack prior to formal notifica-
3 tion in violation of International Treaty, I did not
4 know such a plan existed and not knowing about it, I
5 could not have stopped it. Furthermore, the Japanese
6 Government did not have such a plan.

7 "As to the acts of atrocity and other acts
8 in violation of the law of land warfare, I had no con-
9 nection with them whatsoever. In Japan the Supreme
10 Command existed as an independent organ from the
11 Cabinet and we, civilian members of the Cabinet, were
12 not informed beforehand or consulted on plans and pre-
13 parations for battles. Furthermore, we, civilian
14 members of the Cabinet, had no power to command or stop
15 a battle. We had no voice in the choice of commanders
16 of the Army and Navy. I, at least, was not even in-
17 formed about the acts of atrocity, either officially
18 or otherwise. Nothing about the acts of atrocity was
19 mentioned in the press or radio. I was not even in-
20 formed about the protests from foreign countries. I
21 was of the impression the war was being fought fairly.

22 "(7-b) - As to the treatment of prisoners of
23 war, I was not informed nor consulted about it either
24 in the Cabinet meetings or elsewhere, nor was I informed
25 about the protests from foreign countries. It was said

1 that in previous wars Japan had accorded good treat-
2 ment to prisoners of war. Concerning the treatment of
3 prisoners of war during the Pacific War, I was not in
4 a position to even dream that ill-treatment was being
5 accorded the prisoners of war. I did not even hear of
6 rumors that prisoners of war were being ill-treated.
7 The press and radio made no mention of it.

8 "(7-c) - As to Counts 45, 46 and 47, I have
9 touched on them in the China Incident Phase.

10 "(8) - I resigned from the TOJO Cabinet on
11 February 19, 1944 at the request of Premier TOJO. By
12 the year 1945, it became clear that Japan was facing
13 defeat. The suffering of the people due chiefly to
14 the air raids was extremely painful and I deeply felt
15 my political responsibility to the people. On August
16 11, I learned that the Government had decided to accept
17 the terms of the Potsdam Declaration. Feeling deeply
18 my political responsibility to the Emperor and the
19 people, I made up my mind to resign all marks of honor
20 which His Majesty was graciously pleased to confer
21 upon me (the privileges of my former post as a Minister
22 of State specially granted me court rank) order of
23 merits, and become a plain citizen and remain in the
24 background in the future. However, as a private
25 citizen, I felt I should do everything I could for the

1 people and if circumstances permitted, do my small part
2 in the prevention of a bad inflation which was sure to
3 follow the war. I felt that we who were concerned with
4 finance should bear the responsibility of maintaining
5 financial stability."

6 You may cross-examine.

7 MR. PRESIDENT: Mr. Brannon.

8 MR. BRANNON: I have one or two questions,
9 I suppose on direct examination, Mr. President.

10 DIRECT EXAMINATION (Continued)

11 BY MR. BRANNON:

12 Q Mr. KAYA, in your affidavit when you speak
13 of the Supreme Command and you quote it, exactly what
14 do you mean, or whom do you mean?

15 A By the Supreme Command I mean the Imperial
16 General Headquarters which consist of the Army General
17 Staff and the Naval General Staff, and as for the
18 people constituting that body, I refer to the Chief
19 of the Army General Staff and his subordinates and
20 the Chief of the Naval General Staff and his sub-
21 ordinates.

22 Q Then you do not include the Navy Minister?

23 A No, I do not include him.

24 Q When you say the Navy Branch of the Supreme
25 Command had predicted that should the war drag on for

over two years the outcome would be uncertain, I
1 would like to ask you where you first heard this, and
2 from whom you heard it?

3 A I heard of this from the Chief of the Naval
4 General Staff, Admiral NAGANO, at the Liaison Conference
5 on the 1st of November 1941.

6 Q Mr. KAYA, at any Liaison Conference that you
7 attended -- and I understand that you attended most
8 of them -- did you ever hear any member of the Japan-
9 ese Navy advocate an attack upon the United States or
10 any of the Allied Powers without first giving a notice
11 of war?

12 A I have no recollection of ever hearing any
13 such thing at any of the Liaison Conferences I
14 attended.

15 MR. BRANNON: That is all.

16 THE PRESIDENT: Mr. Wiley.

17 MR. WILEY: If the Tribunal please.

CROSS-EXAMINATION

1 BY MR. WILEY:

2 Q Mr. KAYA, on page 3 of your affidavit you
3 state, "During the period from May 26, 1938 to Oc-
4 tober 18, 1941 I had no connection with the Cabinet
5 nor was I an official of the Japanese Government."
6 Isn't it a fact, Mr. KAYA, that, during the time that
7 you state, you held the following Cabinet appoint-
8 ments: Adviser to the Finance Minister; Member of
9 the National Savings Encouragement Committee; Member
10 of the Electric Communications Committee; Member of
11 the Tax System Investigation Committee; Member of the
12 Central Price Committee; Member of the Asia Development
13 Committee; President of the North China Development
14 Company; Member of the National Spiritual General
15 Mobilization Committee; Member of the Price Counter-
16 Measure Committee; Member of the Organization Committee
17 for the East Asia Marine Transportation Company; and
18 you also were appointed on December 9, 1938 to the
19 House of Peers, is that correct, Mr. KAYA?

21 A With regard to membership in the various commit-
22 tees just mentioned by you, I have no exact recollection,
23 but I believe I was a member of these committees. But
24 membership in these organizations does not mean I was
25 an official of the government.

1 Q Mr. KAYA, you resigned from the first KONOYE
2 Cabinet in May 26, 1938, am I correct?

3 A Yes.

4 Q Can you tell us why you resigned from that
5 Cabinet?

6 A My reason for resignation from the Cabinet
7 is this: that I was requested by the Premier, Prince
8 KONOYE, to resign, and I accepted that request immedi-
9 ately because I had desired to resign from my post
10 even before that time.

11 Q Did the Premier, Prince KONOYE, tell you why
12 he wanted you to resign?

13 KAYA A The reasons which Prince KONOYE stated was 30,663
14 that he would like to carry out a reorganization of
15 the Cabinet, and furthermore, he told me that I was
16 not on particularly good terms with the Army and,
17 therefore, would like to have me resign. "Army"
18 should be "military."

19 Q MR. WILEY: Relative to the matters set forth
20 in pages 4 and 5 of the affidavit, we wish to refer
21 the Court or the Tribunal to exhibits 841 and 842 and
22 transcript page 8261 and pages thereafter. The para-
23 graph numbers of the references that I referred to are
24 4(e), sub-paragraphs 1 and 2. Continuing my reference,
25 I wish to refer the Court to page 18,309 of the tran-

Q Did the Premier, Prince KONOYE, tell you why
he wanted you to resign?

KAYA A The reasons which Prince KONOYE stated was 30,663

1 script.

2 May the defendant KAYA be shown International
3 Prosecution Section document No. 2603?

4 (Thereupon, a document was handed
5 to the witness.)

6 Q Mr. KAYA, are you familiar with that docu-
7 ment?

8 A I have no recollection whether I have seen
9 this positively or not.

10 Q The title of that document or book is "War-
11 time Economic Life," is that correct?

12 A Yes.

13 Q Look at the end of the book, that is, the
14 cover of the book. Who is the author of that book?

15 A On this book I am said to be the author of
16 the book.

17 Q Will you look at the Chapter I of the book
18 on page 13.

19 A According to the book in my hand, it seems
20 to start on page 15.

21 Q Are you the author of that speech or article
22 as appears in that document?

23 A This book states that I am the author, but
24 the editor thereof is OKAMURA, Shinkichi who, at that
25 time, was my private secretary. And I think that this

1 book was edited by him on the basis of various speeches
2 and writings that I made.

3 MR. WILEY: We offer IP# document 2603 for
4 identification.

5 CLERK OF THE COURT: The book entitled "War-
6 time Economic Life" written in Japanese and desig-
7 nated as prosecution document No. 2603 will receive
8 exhibit No. 3338 for identification only.

9 (Whereupon, the book above referred
10 to was marked prosecution exhibit No. 3338
11 for identification.)

12 Q Now that you have observed this book a little
13 more, Mr. KAYA, are you a little more familiar with
14 it than you were when you told us a few minutes ago
15 that you were not familiar with it?

16 A I said before that I had no definite recol-
17 lection of having seen this book.

18 I have no very clear recollection of having
19 seen this book before, but on the first part of the
20 book there is a line staing "Editor's Note," and the
21 editor of this book, as I have already stated, was a
22 former private secretary of mine whose name is OKA-
23 nura. Inasmuch as he states in his editor's note
24 that he had gathered together and edited some of my
25 talks and speeches, I presume that he has reproduced

the gist of the various talks I made.

1 Q What is the date of the publication of this
2 document? For your information, I think you'll find
3 it at the bottom of the preface.

4 A It states "September, 1938."

5 MR. WILEY: We now offer in evidence IP
6 document No. 2603B.

7 THE PRESIDENT: Admitted on the usual terms.
8 Read it after recess. We will recess for fifteen
9 minutes.

10 (Whereupon, at 1445, a recess was
11 taken until 1500, after which the proceed-
12 ings were resumed as follows:)

13 MARSHAL OF THE COURT: The International
14 Military Tribunal for the Far East is now resumed.

15 CLERK OF THE COURT: Prosecution document
16 No. 2603-B will receive exhibit No. 3338-A.

17 (Whereupon, the document above
18 referred to was marked prosecution exhibit
19 No. 3338-A and received in evidence.)
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1 MR. WILEY: I will now read certain excerpts
2 from exhibit 3338-A. I will read the last paragraph
3 on page 1.

4 This is "Chapter A."

5 "Problems on Japanese Economic Power."

6 "October 26, 1937.

7 "Armed War and the War of Economy.

8 " . . . The China Incident, though called
9 an incident, is actually a war between Japan and
10 China. Since it is a war, it goes without saying
11 that the war of military force is essential and
12 important, but in order to give full play to the
13 war of military force -- I mean the power of our
14 Army -- we should make adequate preparations not
15 only in the way of military force but also in the
16 way of all spheres including thought, diplomacy,
17 finance and economy. In modern warfare, it is
18 one of the most important pre-conditions of victory
19 to make adequate preparations in the way of the
20 war of thought, the war of diplomacy, the war of
21 economy -- whichever we may say -- in all spheres in
22 order to get the better of the other party. I have
23 much to say about the war of thought and the war of
24
25

1 diplomacy, but as these have already been explained by
2 their respective specialists, I wish to avoid the trouble
3 of repeating their explanations here. I want to say a
4 word to you only about finance and economy which are
5 my specialities."

6 Then I will read paragraphs 1, 2, 3 and 4 of
7 sub-paragraph 2:

8 "2. How Strong Is Japan's Economic Power?

9 "When war commences, the question occurs to
10 everyone's mind how great a war expenditure we can
11 afford with our national resources.

12 "The war funds fixed through the consent
13 of the Diet now amount to a considerable sum of money.
14 There may be many who doubt whether our national
15 resources are sufficient to stand that expenditure.

16 "Everybody thinks that the question of how
17 much war expenditure a state is able to afford stands,
18 on the whole, in proportion to, or is judged from its
19 economic power.

20 "Now, I will tell you how much we shall be
21 able to stand. During the Russo-Japanese war, 1904-1905,
22 a sum of about two billions in war expenditures, in the
23 broad sense, had been required over about two years.
24 Now, how strong was the economic power then and how
25 strong is the economic power of our country at present?

1 There are many ways of estimating economic power, but
2 if I compare the various figures which show us the
3 general economic situation such as those of bank
4 accounts, postal savings, the paid-up capital of
5 firms, banks, etc., balance of trade, the amount of
6 bills and notes cleared, and so on we find that the
7 bank accounts in 1903 amounted to ¥ 777,000,000."

8 I shall read then, over on page 3, the last
9 full paragraph on that page:

10 "Granting that war expenditures can be defrayed
11 at this rate and that our country was able to stand war
12 expenditures of two billion over the two years of the
13 Russo-Japanese war, we should come to the conclusion
14 that we shall be able to afford at least twenty billions
15 in war expenditures at present. To that extent has the
16 economic power of our country developed. These figures,
17 however, are only an illustration."

18 Over on the fourth page, I shall read the
19 second and third paragraphs of sub-title 3:

20 "3. Main Problems of War-Time Finance and
21 Economy.

22 "Then what should be the war-time footing in
23 the way of finance and economy? I will state some
24 fundamental ideas on this.

25 "Seeing it is war, the first thing to be done

KAYA

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1 is to meet the military demands of the Army and the Navy:
2 to positively finance the industries related to military
3 demands and national defense and to concentrate goods,
4 funds and labor in these spheres is one of the most
5 important things."
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1 I now offer IPS document No. 2603-A in
2 evidence.

3 THE PRESIDENT: Admitted on the usual terms.

4 MR. WILEY: This, by the way, is the preface
5 to the book.

6 CLERK OF THE COURT: Prosecution document
7 No. 2603-A will receive exhibit No. 3338-B.

8 (Whereupon, the document above
9 referred to was marked prosecution document
10 No. 3338-B and received in evidence.)

11 MR. WILEY: I will now offer in evidence
12 prosecution document No. 2603-D.

13 THE PRESIDENT: Are you not going to read "A"?

14 MR. LEVIN: May it please the Tribunal, we
15 object. I didn't know that 3338-B had been received
16 in evidence. I want to make an objection. I haven't
17 seen it before. Mr. Wiley was kind enough to hand
18 it to me a moment ago.

19 I object to this document being offered in
20 evidence on the ground that this is not a statement
21 by the defendant but it is a statement by the compiler
22 and under the circumstances it is not a statement that
23 he had made.
24

25 THE PRESIDENT: Is he responsible for the
preface, Mr. Wiley, unless his silence over the years

1 gives consent to its contents. Chapter "J" of the

2 MR. WILEY: That was my --

3 We have here a book that eventually
4 received some prominence written back in 1938 and
5 by his private secretary -- compiled by his private
6 secretary. I will read just excerpts.

7 THE PRESIDENT: What did he admit or suggest
8 that he knew of this preface or of the book?

9 MR. WILEY: None--nothing. As far as the
10 prosecution is concerned we will not press this,
11 Mr. President, because of the fact that matters
12 therein are repeated in the various other exhibits
13 in this book that we introduce into court.

14 THE PRESIDENT: You withdraw it then?

15 MR. WILEY: I withdraw it then.

16 THE PRESIDENT: With our consent because
17 it has been admitted. There is an exhibit number on
18 it. 3338-B.)

19
20 (Whereupon, the document above
21 referred to, marked prosecution exhibit

22 No. 3338-B, was withdrawn.)

23 MR. WILEY: IPS document No. 2603-D has been
24 admitted in evidence? I am reading the whole paragraph.

25 THE PRESIDENT: Not yet. Do you have an
objection to this, Mr. Levin?

1 MR. WILEY: This is Chapter "J" of the
2 original book--of the book--purporting to be a
3 speech by Mr. KAYA of April 12, 1938.

4 Mr. KAYA, this is on page 229 and 230 of
5 the book, of exhibit 3338.

6 I will read just excerpts.

7 THE PRESIDENT: I understand you need not
8 lay a foundation because Mr. Levin is not objecting;
9 at least that is my understanding.

10 MR. WILEY: That is right, thank you.

11 THE PRESIDENT: Admitted on the usual terms.

12 CLERK OF THE COURT: Prosecution document
13 No. 2603-D will receive exhibit No. 3338-C.

14 Correction: Prosecution document No. 2603-D
15 will receive exhibit No. 3338-B.

16 (Whereupon, the document above
17 referred to was marked prosecution exhibit
18 No. 3338-B.)

19 MR. WILEY: I will read excerpts from
20 exhibit 3338-B, the fourth paragraph on page 1.

21 THE MONITOR: Mr. Wiley, are you going to
22 read the whole paragraph?

23 MR. WILEY: I am reading the whole paragraph,
24 the fourth paragraph on page 1.

25 THE PRESIDENT: Read.

1 MR. WILEY: (Reading): "Furthermore,"--
2 May I first read the subtitle? "Preparations
3 for a Protracted War. * * *

4 "Furthermore, in the present-day warfare,
5 many kinds of arms have been used with the progress
6 of science, and of battles as regards the forms,
7 they are now fought not only on the ground but also
8 under the ground and in the air. They are now so-
9 called verticle ones. So materials needed for war
10 are so numerous that one would be surprised to hear
11 that such and such a thing is required directly or
12 indirectly for war. In addition to this, as the
13 scope of war has been enlarged, the amount of
14 materials needed for war amounts to a surprisingly
15 large quantity. So in time of peace we must prepare
16 necessary goods so as to be able to supply them in
17 time of war."
18

19 Over on the second page I will read para-
20 graphs 2, 3 and 4.

21 THE MONITOR: Mr. Wiley, our copies are not
22 marked so we will have to do it by relay. We cannot
23 do it simultaneously unless we have advance notice
24 on this. Will that be all right with you?

25 MR. WILEY: You were furnished copies.

THE MONITOR: Yes, but our copies are not

1 marked for simultaneous reading. We cannot tell
2 ahead of time how far you are going to read,
3 Mr. Wiley.

4 MR. WILEY: Well, see if this will clarify
5 it: On page 2 of this exhibit I will read the first
6 sentence of paragraph 1, all of paragraphs 2, 3 and 4.

7 THE PRESIDENT: This cannot go on indefin-
8 itely. You will have to mark on the Japanese copy
9 what they have to read.

10 MR. WILEY (Reading): "Our brethren, loyal
11 and courageous officers and soldiers of the Imperial
12 Army, are now fighting in China in order to bring
13 about true peace, happiness and prosperity to the
14 Orient. * * *

15 "The most important thing as a preparation
16 for a protracted war is, needless to say, not to
17 have the Imperial Army at the front feel the lack
18 of arms, munitions and other war supplies.

19 "The war expenditures of 25 hundred million
20 yen had already been approved by the 72d Diet, and,
21 in addition, the war expenditures of 48 hundred
22 million yen were approved additionally by the 73d
23 Diet, therefore, the war expenditures approved for
24 the China Incident have amounted to the immense sum of
25 about 74 hundred million yen all told. And though part

1 of the expenditures had relied on government bonds,
2 most of them will have to depend on the issue of
3 government bonds.

4 "This is stated only on the budget of war
5 expenditures. The budget for the 13th year of Showa
6 /1938/ will amount to about 80 hundred million yen
7 when we add the general account to them, and the
8 total amount of government bonds issued will be about
9 56 hundred million yen."

10 Now I want to read an excerpt on page 3,
11 which is the first paragraph of subtitle 2, "Savings
12 for the Purpose of Carrying out the Policy.

13 "In one year from now, we must issue more
14 than 50 hundred million yen of government bonds.
15 Success or failure of the wartime policies regarding
16 finance and economy depends solely on whether the
17 bonds will be absorbed satisfactorily or not."

18 I now offer in evidence IPS document No. 2603-C.

19 THE PRESIDENT: Admitted on the usual terms.

20 CLERK OF THE COURT: Prosecution document
21 No. 2603-C will receive exhibit No. 3338-C.

22 (Whereupon, the document above
23 referred to was marked prosecution exhibit
24 No. 3338-C and received in evidence.)
25

1 MR. WILEY: I will read all the paragraphs on
2 page 1 except the last: "K. Women Behind The Guns."

3 "7. What falls under the head of Consumption
4 Belongs to the Sphere of the Women.

5 "All the world is marveling at the glorious
6 results our forces have been achieving in the present
7 China Incident. They are, needless to say, ascribable
8 to the august virtue of the Emperor, and at the same
9 time to our loyal forces in the Army and Navy who in
10 fighting for their country are going through all kinds
11 of hardship. We, those behind the guns, are very
12 grateful to them.

13 "The people, however, must not be dazzled by
14 these glorious results, take things easy and expect
15 that the present situation will soon be brought to a
16 favorable conclusion. The anti-Japanese movement in
17 China, as people know, in conjunction with the Communist
18 power, is stronger than we imagine, and very systematic.

19 "In modern warfare, we must, of course, be
20 victorious not merely in battle but also in the spirit-
21 ual, diplomatic, and economic wars; the economic war,
22 in particular, is that most important factor which
23 brings war to a successful end.

24 The Government, therefore, has started the
25 National Spirit General Mobilization Movement and is

1 trying to enhance the national spirit of our whole
2 nation, and at the same time has reorganized its
3 financial and economic policies so as to meet the
4 wartime requirements. Much attention is being paid
5 in our financial and economic policies to meet the
6 wartime situation -- in order that the soldiers at the
7 front may not be short of arms, ammunition and provis-
8 ions, that the families of deceased soldiers may not
9 find it hard to live, that the people may not be
10 short of the necessities of life, and that prices may
11 not go up. We are determined and ready to take any
12 expedient measures as the Incident continues.

13 "The financial and economic policies of the
14 Government, however, depend very much upon the efforts
15 of the people themselves and will not produce any good
16 results without their cooperation. What is called the
17 National economic power decides final victory, and there-
18 fore the determination and cooperation of the nation
19 are tremendously necessary.

21 "Now let me tell you in what things you, the
22 women behind the gun, should cooperate."

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1 Q Mr. KAYA, will you look at the last page
2 of the last document I read to you and tell us the
3 date there ascribed in the original document?

4 A I should like to have your direction, be-
5 cause I do not know which part of this book which
6 I have in my hand corresponds to the document you
7 have referred to.

8 Q Page 259.

9 THE PRESIDENT: You mean the end of
10 Chapter K, Mr. Wiley?

11 MR. WILEY: The end of Chapter K.

12 A Is it page 258 of the book now in my hand?

13 Q No, it would be after that. The information
14 that I have here is that it was dated December 13,
15 1937.

16 A Following page 261 there is a chapter de-
17 voted to "Consumption Belongs to the Woman's Field";
18 while in the book in my hand there is nothing in the
19 chapter to which I have just referred, but in the
20 entire section devoted to "The Women of the Home
21 Front" there is a notation "12-12" at the end.

22 Q Now, Mr. KAYA, during the year 1938 and 1939,
23 up until the time that you became President of the
24 North China Development Company, you continued these
25 talks and speeches and articles throughout Japan. Am

1 I right?

2 A I conducted addresses and talks to quite
3 an extent for the purpose of encouraging savings
4 among the people. However, in 1939 -- I do not recall
5 the exact month, but I think it was around the spring
6 of that year -- I became chief investigator with re-
7 gard to the adjustment of prices, and I undertook the
8 formulation of plans for creating a price structure,
9 and therefore the number of speeches I made decreased
10 to a very great extent.

11 THE INTERPRETER: Slight correction: Must
12 have decreased to quite a great extent.

13 A (Continuing) However, after August 1939,
14 when I became President of the North China Develop-
15 ment Company there was very little time for me to go
16 on lecture trips, and therefore the number of speeches
17 I made decreased to a very great extent.

18 Q In the fall, in fact, November 1938 you be-
19 came Chairman of the Japan-Manchukuo-China Economic
20 Round Table Conference. Is that correct?

21 A Not the president, but temporarily chairman
22 of the committee.

23 Q And you gave various speeches throughout
24 Japan at that time?

25 A I made no speeches in connection with this

1 particular committee.

2 Q Do you recall that on the 29th day of
3 November, 1938, at Hiroshima, you introduced the
4 speaker down there on this occasion of the Japan-
5 Manchukuo-China Economic Round Table Conference?

6 A At that time the meeting was not a large
7 one, and my recollection is that any talks made did
8 not amount to what might be called a speech.

9 Q Well, the exhibits that I have introduced
10 here concerning your book refer mostly to economic
11 questions. Now, isn't it a fact that in the fall of
12 1938 in your speeches you added something new: you
13 told the people at that time Asia was for the Asiatics,
14 did you not?

15 MR. LEVIN: I object to that, if the Court
16 pleases, on the ground that the counsel does not refer
17 to a particular speech or give us a copy of the speech.

18 MR. WILEY: I am going to do that now.

19 THE PRESIDENT: Well, give him further par-
20 ticulars, Mr. Wiley.

21 MR. WILEY: The prosecution now offers docu-
22 ment 2551 for identification.

23 I am informed that this document has already
24 received an exhibit number.

25 CLERK OF THE COURT: The book already has an

1 identification number.

2 MR. WILEY: It has?

3 THE PRESIDENT: Well, what is it?

4 CLERK OF THE COURT: No. 3215.

5 MR. WILEY: May this document be kindly
6 handed to the witness.

7 Q Will you look in the cover of that book,
8 Mr. Witness. The title to this book is "Reports on
9 the Japan-Manchukuo-China Economic Round Table Con-
10 ferences." Is that correct?

11 A Yes, that is what it says.

12 Q And on page 1 of that book you will find a
13 speech given by KAYA, Okinori, Chairman of the Japan-
14 Manchukuo-China Economic Round Table Conference?

15 A There is something there which purports to
16 be greetings given by myself.

17 Q Read the next paragraph, then.

18 A You mean the text of the greetings?

19 Q On page 1, the copy of a speech of Mr. KAYA.

20 A "This evening the sponsors are sincerely
21 pleased and honored that so many people, especially
22 those influential in financial circles as well as
23 important government officials, were able to attend
24 this meeting despite pressing business matters."
25

1 Q Now, Mr. KAYA, isn't that your speech?

2 A I can't tell you for sure that this was my
3 speech. However, it is entirely possible that I
4 could have given greetings such as those I have just
5 read.

6 THE PRESIDENT: Have you any real doubt about
7 it?

8 THE WITNESS: I have no doubt about what I
9 have just read. But at this time there was an office
10 known as the Secretariat of the Japan-Manchukuo
11 Economic Round Table Conference, and this organization
12 was not under my jurisdiction. Therefore, I cannot say
13 whether the contents of this book are or are not
14 accurate.

15 Q I am asking you, Mr. KAYA, if the speech on
16 page 1 of exhibit 3215 is your speech.

17 A I have just read the part I read out loud,
18 and I have not seen the further part of this speech,
19 so I cannot say.

20 Q Read the first line. Doesn't this appear
21 there, Mr. KAYA: "Mr. KAYA, Okinori, Chairman of the
22 Japan-Manchukuo-China Economic Round Table Conference"?

23 A Yes.

24 Q Now, are you satisfied that that is one of
25 your speeches?

1 A I suppose this is something which somebody
2 has written up concerning a greeting which I gave; but
3 as the circumstances are as I have just told you, I
4 cannot say whether my greetings were accurately reported
5 in this book or not.

6 Q What was the date of this article or this
7 speech on page 1 of this exhibit?

8 Mr. KAYA, you were chairman of this particular
9 conference, weren't you?

10 A Yes.

11 Q And doesn't exhibit 3215 purport to be excerpts
12 from this conference -- a record of the conference?
13 And it was compiled by the secretary of the conference,
14 the conference of which you were chairman?

15 A I should like to explain a bit. In regard to
16 the Japan-Manchukuo-China Economic Round Table Conference,
17 the Japan-Manchukuo Central Society, the name of which
18 appears on the cover of this book, was mainly sponsoring
19 this conference. This society asked to borrow my name
20 as chairman of this particular conference and to make
21 greetings and to use my name in sending out invitation
22 cards, and so forth, and the society told me that they
23 would not bother me with any of the details of the work
24 itself; and, thereupon, I accepted this job.
25

THE PRESIDENT: The question is whether you

1 made that speech, and if so, whether it is correctly
2 reported there.

3 THE WITNESS: I did make a greeting. But as
4 for the record of this conference and as for the
5 printing of the record and all other matters connected
6 therewith, I had nothing whatsoever to do with that;
7 and so, therefore, I can say nothing about it in regard
8 to whether this book is correctly drawn up or not.

9 Q Mr. KAYA, this document, exhibit 3215, has
10 been a matter of record for identification only here
11 for some time. Didn't your counsel show you this
12 book beforehand?

13 A This is the first time I have seen it.

14 Q Mr. KAYA, this isn't any introductory remark.
15 This is a speech. Do you repudiate what is in that
16 speech, known as exhibit 3215, as not being your speech?

17 MR. LEVIN: We object to that question, if
18 the Court please. He states that this was a conference
19 and that this was made up by the secretary and he could
20 not identify whether or not those were his words.

21 THE PRESIDENT: He is just asked to say,
22 looking at the document, whether that is his speech
23 or not. That is all it amounts to. That is a fair
24 question.
25

MR. WILEY: Is the light for me?

1 THE PRESIDENT: He appears to be reading,
2 so do not interrupt, please, Mr. Wylie.

3 Is it very long?

4 MR. WILEY: Yes, it is quite long: three
5 full pages.

6 A I have finished perusing the speech. I
7 believe it does contain, in part, much of what I did
8 say on that occasion. I cannot say for sure whether
9 the whole is accurate or not.

10 MR. WILEY: We offer it for identification.

11 THE PRESIDENT: You mean you offer it finally,
12 because it is already in for identification?

13 MR. WILEY: Yes, in evidence. That is right.

14 THE PRESIDENT: Admitted on the usual terms.

15 CLERK OF THE COURT: Is that excerpt 2551-B
16 that you mean to offer in evidence?

17 MR. WILEY: Yes, 2551-B.

18 CLERK OF THE COURT: Prosecution document
19 No. 2551-B will receive exhibit No. 3339.

20 (Whereupon, the document above
21 referred to was marked prosecution exhibit
22 No. 3339 and received in evidence.)

23 MR. WILEY: May I ask one more question of
24 the witness?

25 Q You read that, Mr. KAYA. Is there anything

1 in what you have read that you repudiate now?

2 A Would you kindly wait a few moments? My
3 recent perusal of the book was accomplished at the
4 rate of two or three lines at a time. In order to be
5 able to answer your present question, I think I should
6 have to read the speech more thoroughly.

7 MR. WILEY: I have no objection for him to
8 take a copy of his speech, but not the book.

9 MR. LEVIN: Mr. President, I do not see why
10 the witness should not have the opportunity of examining
11 the book. As a matter of fact, I intended to ask
12 subsequently that he be given the opportunity to
13 examine it fully.

14 THE PRESIDENT: The excerpt is in evidence.
15 Is there any Japanese copy of that?

16 MR. WILEY: Yes.

17 THE PRESIDENT: For the purposes of this docu-
18 ment last admitted, he can examine the original in
19 Japanese; but not tonight. He will do that in the box
20 tomorrow morning.

21 We will adjourn until half-past nine tomorrow
22 morning.

23 (Whereupon, at 1600, an adjournment was
24 taken until Tuesday, 14 October 1947, at 0930.)
25

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